

MORGAN STANLEY S.V., S.A.U.

ORDER EXECUTION POLICY DISCLOSURE STATEMENT

(PROFESSIONAL CLIENTS)

The requirement to provide our clients with this Disclosure Statement forms an essential part of the structural changes being made to the marketplace by the implementation of the Markets in Financial Instruments Directive (“MiFID”). It is also a key component in Morgan Stanley’s ongoing effort to provide transparency to our clients on our business practices.

Following the implementation of MiFID, Morgan Stanley will, as it has always done, endeavour to provide clients with a competitive global and multi-asset class execution capability of the highest quality, designed to deliver efficient execution services in a cost effective manner. Morgan Stanley operates in the context of an ever changing financial services industry with fast evolving market places. Our primary objective in handling your orders will be to deliver the highest quality executions reasonably available under the circumstances and within the context of applicable markets, seeking to balance often conflicting considerations with a view to providing clients with the best possible result on a consistent basis.

Information about the order execution policy that applies to Morgan Stanley S.V (Morgan Stanley) is set out below.

Part One: The quality of execution

When executing orders on your behalf in relation to financial instruments as defined by MiFID, we will take all reasonable steps to achieve what is called “best execution” of your orders. This means that we have in place a policy and procedures that are designed to obtain the best possible result for your orders, subject to and taking into account any specific instructions from you, the nature of your orders and the nature of the markets and products concerned.

While we will take all reasonable steps based on the resources available to us to satisfy ourselves that we have processes in place that can reasonably be expected to lead to the delivery of the best possible result for our clients, we cannot guarantee that we will always be able to provide best execution of every order executed on your behalf, particularly where you give us specific instructions as to all or part of your order.

Our commitment to provide you with “best execution” does not mean that we owe you any fiduciary responsibilities over and above the specific regulatory obligations placed upon us or as may be otherwise contracted between us.

Part Two: Summary of Order Execution Policy

“Order”

We owe a duty of best execution when we execute orders on your behalf. We consider ourselves to be typically in receipt of an order and acting on your behalf where an execution instruction is given to us that gives rise to contractual or agency obligations owed by us to you. We believe this to be the case where we exercise our discretion in relation to the execution of your order. We therefore do not consider that we execute orders on your behalf in the following two situations:

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- (i) where we merely provide prices at which we would be willing to buy or sell;
- (ii) where you approach us for a ‘request for quote’ i.e. when you contact us and ask us to provide you with a quote for a particular security.

In the above situations, whilst we will not owe you a duty of best execution, we will however still be required to act in your best interests and also to manage any conflicts of interests that we may have.

“Specific Instruction”

Where you provide us with a specific instruction in relation to your entire order, or any particular aspect of your order, including selecting to execute on a particular venue, we will execute the order in accordance with your instructions. For instance, we will deem the receipt of orders via Direct Market Access systems where you have selected the execution venue as a “specific instruction” to execute your order on that venue. However, please note that if you provide us with a specific instruction, this may prevent us from following some or all of the steps in our order execution policy that are designed to obtain the best possible result for the execution of your orders. In following your instructions we will be deemed to have taken all reasonable steps to provide the best possible result in respect of the order or aspect of the order covered by your specific instructions. Therefore, if you require your order to be executed in a particular manner and not in accordance with our order execution policy, you must clearly state your desired method of execution when you place your order. To the extent that your specific instructions are not comprehensive, we will determine any non-specified components in accordance with our order execution policy.

Execution venues

- Regulated Markets

In principle, domestic equity and warrant order execution will be channeled to a single trading center in the regulated market of the Madrid Stock Exchange, of which Morgan Stanley is a member, and we shall assume that best execution has been provided.

Execution factors

In the absence of specific instructions from you, we may consider the following factors to determine the manner in which your order will be executed:

- Price;
- Costs;
- Speed;
- Likelihood of execution or settlement;
- Size of your order;
- Nature of your order;
- Any other consideration relevant to the efficient execution of your order.

We will determine the relative importance of each factor using the following criteria:

- Your characteristics (including your regulatory client categorisation);
- The characteristics and nature of your order, including whether any specific instructions are given;

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- The characteristics of the financial instruments that are the subject of your order;
- The characteristics of the execution venues to which your order can be directed.

Ordinarily, price will merit a high relative importance in obtaining the best possible result for professional clients. In our experience, the next most important factor after price is typically liquidity of the market. However, in certain circumstances, for some client orders, financial instruments or markets, we, in our absolute discretion, may decide that other factors may be more important in determining the best possible execution result in accordance with our order execution policy.

Part Three: Substancial modifications to the Order Execution Policy

Before processing an order, Morgan Stanley assumes that the Client has accepted this “Client Order Processing and Execution Policy”.

Morgan Stanley regularly reviews its “Order Execution Policy” with a view to improving it and correcting any faults, so as to guarantee best execution for clients based on the resources at the company's disposal.

Any significant change in policy will be notified through the corporate web site, where the policy will be publicly available to all actual or potential clients.