Morgan Stanley

October 2025

A Message to Morgan Stanley Institutional Securities Group Fixed Income Clients

Re: Trading Practices and Information Regarding Exchange-Traded Fund ("ETF") and ETF Option Transactions Executed by the Fixed Income Division

This letter is part of our ongoing effort to provide transparency to our clients on our business practices. The contents of this letter are also available at Disclosures and may be updated from time to time. As we enter into transactions with you, it is important that you read this letter to understand how we may trade in relation to your orders in ETFs executed by the Fixed Income Division. To the extent that you continue to enter into transactions in ETFs with the Fixed Income Division, it will be on the basis that you have read and understood these terms.

For additional information regarding the Fixed Income Division's trading practices please refer to the Fixed Income Division Trading Practices and Information letter.

ETF Order Handling

The Fixed Income Division provides price quotes to, receives orders from, and executes ETF transactions with its clients on a principal basis (and not as fiduciary or agent unless specifically agreed with you). Our number one objective in handling your orders is to deliver the highest quality executions reasonably available under the circumstances. Consistent with your instructions, we may execute your order through a variety of means, depending on the order size relative to liquidity, the prevailing market conditions and other factors. This may include immediate capital commitment by Morgan Stanley and accessing internal and external sources of liquidity.
We maintain an inventory of principal positions to provide our clients with opportunities for enhanced capital commitment. To effectively manage these inventory positions and sustain our ability generally to provide immediate liquidity for our clients, we may trade out of risk resulting from client facilitation activity at the same time we may be handling your orders at the same price level. We will trade principally alongside a client order to the extent that our principal activity either hedges or liquidates risk resulting from client facilitation. In certain instances, principal orders entered in anticipation of future client demand may also be worked concurrently with client orders.

In accordance with market standards and best practices, we strive for allocations between client and principal orders that are fair and equitable. While we use reasonable efforts to allocate executions appropriately, and our policies require traders to provide a fair allocation, challenges presented by the current market structure and limitations of certain market centers and trading systems may in some cases render a precisely even split impracticable.

In addition to the order handling methodology outlined above, you may instruct us with respect to all or part of any of your orders that you do not wish to permit us to trade principally alongside your orders. In the event you provide us with such instruction, your executable order will take priority over Morgan Stanley principal orders within that information unit. Such instruction may impact our ability to provide capital to your order and may limit the range of execution alternatives that we are able to offer.

ETF Options Order Handling
The Fixed Income Division provides price quotes to, receives orders from, and executes ETF Options transactions with its clients on a principal and agency basis. Morgan Stanley's objective in handling client orders is to deliver the best execution reasonably available.

Cancelled, Amended, and Rejected Orders
Subject to regulations and internal practices concerning market access, Morgan Stanley may amend or cancel any accepted orders at its sole discretion. In addition, Morgan Stanley may reject orders that exceed certain Morgan Stanley set execution limits.

Conclusion
This letter is meant to underscore Morgan Stanley's commitment to providing clients transparency on our business practices. If you have questions after reading this letter or our dealings with you, we encourage you to contact your regular Morgan Stanley client service representative.