

MORGAN STANLEY HONG KONG AND SINGAPORE ORDER EXECUTION POLICY – FIXED INCOME DIVISION

In accordance with applicable legal and regulatory requirements, this document sets out Morgan Stanley Asia Limited's, Morgan Stanley Hong Kong Securities Limited's, Morgan Stanley Bank Asia Limited's, and Morgan Stanley Asia (Singapore) Pte.'s (together, "we", "our" or "Morgan Stanley") order execution policy in respect of its institutional securities business of the Fixed Income Division ("FID"). A copy of this document is also available at <https://www.morganstanley.com/disclosures>.

General

Morgan Stanley will, as it always has 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. Our primary objective in handling client orders is 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.

Morgan Stanley has established a governance framework with applicable policies, including an order execution policy, which are intended to obtain the best possible results for client orders on a consistent basis, subject to and taking into account any specific instructions, the nature of clients' orders and the nature of the markets and products concerned. While we will take all sufficient steps based on 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 on every order executed on behalf of clients. If you give us a specific instruction, we will follow that instruction, but this may not result in the same quality of execution as where we retain discretion in relation to the exercise of your order.

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

Scope

This document applies where clients legitimately rely on the Hong Kong and Singapore staff of Morgan Stanley that are licensed with the Securities and Futures Commission and the Monetary Authority of Singapore respectively to protect their interests in order execution.

Overview

What is Best Execution?

Where we owe clients the duty of best execution we are required to take all sufficient steps to obtain the best possible result for our clients taking into account the following factors (together *best execution factors*):

- price;
- speed of execution and settlement;
- costs;
- likelihood of execution and settlement;
- order size;
- nature of the order; and
- any other consideration relevant to the efficient execution of the client's order such as the nature of the relevant market, prevailing market conditions and attempting to minimise market impact.

Ranking of execution factors

We are required to determine the relative importance of each of the best execution factors set out above and may take into account the following general criteria:

- your characteristics;
- the characteristics and nature of your order, including any specific instructions received;
- the characteristics of the financial instruments that are the subject of your order; and whether the order involves a securities financing transaction;
- the characteristics of the execution venues to which your order can be directed.

However, we may from time to time agree with you that a different ranking for the execution factors will apply. In certain circumstances, for some client orders, financial instruments or markets, we, at our discretion, may determine that other factors may be more important in seeking to achieve the best possible execution result for you in accordance with our order execution policy.

When Does Best Execution Apply?

Executing an order on behalf of a client

This document describes the application of the obligation of best execution in respect of products traded with you by Morgan Stanley's Fixed Income Division in Hong Kong and Singapore.

We owe best execution obligation when executing orders on your behalf. Generally, we will be in receipt of

an order and acting on your behalf where an execution instruction is received from you that gives rise to contractual obligations owed by us to you. Such contractual obligations will arise where we are required to exercise discretion in relation to the execution of your instruction and you are legitimately relying on us in relation to the exercise of that discretion.

Circumstances in which we consider that you will not generally be legitimately relying on us in relation to the execution of your orders include where we are approached by you for a “request for quote” (“RFQ”) - i.e., when you ask us to provide you with a quote in a particular financial instrument. If we receive an order from you and a portion of it relates to RFQ, we consider that we will typically not owe best execution obligation in respect of the RFQ portion, but we may continue to owe an obligation of best execution in respect of the elements of the order that are not subject to RFQ. Other circumstances in which we consider that you will generally not be legitimately relying on us in relation to the execution of your orders would be where you are an institutional investor (as defined under the Securities and Futures Act 2001 of Singapore) serviced by Singapore licensed staff¹.

It is however, important to note that although in the above circumstances we will typically not owe best execution obligation, we will still be required to treat you fairly and also to manage any conflicts of interest that may arise.

Impact of a specific instruction

If we receive an order from you that includes a specific instruction(s) in relation to the handling and execution of the entire order or a particular aspect or aspects of the order (including selecting a particular execution venue, executing at a particular price or time or through the use of a particular strategy) then, subject to our legal and regulatory obligations, we will execute your order in accordance with your specific instruction.

It also means that to the extent of the specific instruction or instructions, our obligation of best execution will be satisfied by executing the order in accordance with your specific instruction. Where your specific instruction covers only a portion of an order, and we have discretion over the execution of other elements of the order, then we will continue to owe an obligation of best execution in respect of the elements of the order that are not covered by the specific instruction.

In the absence of express instructions Morgan Stanley will exercise its own discretion, having regard for the terms of the order in determining the factors that it needs to take into account for the purpose of providing the client with best execution.

Governance / review process

The Morgan Stanley Best Execution Governance Framework monitors the effectiveness of the execution arrangements (including this policy and the scope of the best execution obligation) and will assess, from time to time whether any modification is required to this policy and/or the best execution arrangements.

¹ Please refer to MAS' [Notice on Execution of Customers' Orders](#) for more details.

Application of Best Execution Duty

FX Derivatives

We consider that best execution obligation is owed where we accept orders in FX forwards and non-deliverable forwards (“NDFs”) transactions.

Execution Factors

Unless stated otherwise, across all FX Derivative products stated above, the ranking of the best execution factors is typically as follows:

1. Price
2. Order size and Speed of Execution & Settlement are given an equal ranking

The remaining execution factors – likelihood of execution and settlement, costs, nature of the order and any other consideration relevant to the efficient execution of the client’s order – are generally taken into consideration.

On a case by case basis, we may deviate from the above hierarchy where we consider it would be in your interests to do so, and/or where you have provided specific instructions. Orders for FX forwards and NDFs can involve highly specific instructions from you as to how you require the trades to be executed and this will limit the duty of best execution to those matters which are not covered by your specific instructions.

Other Fixed Income Products

We consider that best execution does not generally apply to transactions in other fixed income products traded by you with our Hong Kong and Singapore FID staff, either due to the nature of the product or where you initiated the transaction on a RFQ basis (as opposed to us receiving an order from you), and the nature of the market is such that you will generally have access to a number of dealers/counterparties to seek availability and as a result of the nature of the transaction you have ability to access information through other dealers/counterparties/third party data providers of pricing/rates which the transaction can be effected. As a result, we do not consider that you are relying on us in relation to the execution of the transaction.

For further information on Fixed Income trading practices, please see our [FID Trading Practices Information Letter](#), or contact your usual sales representative.