

Morgan Stanley

Morgan Stanley & Co. LLC

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SEC-Required Report on Routing of Customer Orders For Quarter Ending March 31, 2019

The Securities and Exchange Commission ("SEC" or "Commission") Rule 606 (the "Rule") requires all brokerage firms to make publicly available quarterly reports that present a general overview of the Firm's routing of non-directed customer orders in covered equity and option securities. Non-directed orders are orders that customers have not specifically instructed to be routed to a specific destination. For these non-directed orders, Morgan Stanley & Co. LLC ("Morgan Stanley") has selected the execution venue on behalf of its customers. In addition, Morgan Stanley must identify the significant venues to which it routed customer orders for execution during the applicable quarter. To obtain information about the rule, you may access the following web site addresses: <http://www.sec.gov/rules/final/34-43590.htm> and <http://www.sec.gov/interps/legal/mrslb13a.htm>.

The report is divided into four sections: one for securities listed on the New York Stock Exchange and reported as a Network A eligible security; one for securities listed on The Nasdaq Stock Market; one for securities listed on the NYSE American or regional exchanges and reported as a Network B eligible security; and one for exchange-listed options. For each section, this report identifies the venues most often selected by Morgan Stanley, sets forth the percentage of various types of orders routed to the venues. In addition, at the end of the report, there is a discussion of the material aspects, if any, of Morgan Stanley's relationship with the venues and General Disclosure section that provides additional information relevant to Morgan Stanley's order routing and handling practices.

Securities Listed on New York Stock Exchange/Network A Eligible Security

Non-Directed Orders As Percentage of Total Customer Orders:			3.4%	
Percentage of Total Non-Directed Customer Orders:	Market		Limit	Other
	9.5%		0.4%	90.1%
Venues Receiving Significant Percentage of Total Non-Directed Orders:				
Venues	Total Non-Directed Orders	Total Non-Directed Market Orders	Total Non-Directed Limit Orders	Total Non-Directed Other Orders
New York Stock Exchange (NYSE)	21.8%	3.1%	45.7%	23.6%
NASDAQ	21.6%	0.0%	13.0%	23.9%
MSCO	11.1%	1.0%	5.4%	12.2%
EDGX	8.5%	0.0%	5.2%	9.4%
BATS	7.3%	0.0%	3.8%	8.0%
ARCA	6.5%	0.0%	6.3%	7.2%
CDRG	4.0%	41.0%	7.4%	0.1%
SOHO	3.1%	32.4%	6.1%	0.0%
EDGA	2.9%	0.0%	0.2%	3.3%
BYXX	2.9%	0.0%	1.0%	3.2%
NQBX	2.9%	0.0%	0.6%	3.2%

Securities Listed on The NASDAQ Stock Market

Non-Directed Orders As Percentage of Total Customer Orders:			3.0%	
Percentage of Total Non-Directed Customer Orders:	Market		Limit	Other
	7.3%		0.9%	91.8%
Venues Receiving Significant Percentage of Total Non-Directed Orders:				
Venues	Total Non-Directed Orders	Total Non-Directed Market Orders	Total Non-Directed Limit Orders	Total Non-Directed Other Orders
NASDAQ	39.3%	4.8%	70.5%	41.7%
ARCA	14.9%	0.0%	8.0%	16.1%
MSCO	10.7%	0.9%	6.3%	11.5%
BATS	6.9%	0.0%	2.1%	7.5%
EDGX	6.2%	0.0%	2.8%	6.7%
CDRG	3.1%	40.3%	3.7%	0.2%
NQBX	2.8%	0.0%	0.3%	3.1%
BYXX	2.8%	0.0%	0.4%	3.1%
EDGA	2.5%	0.0%	0.2%	2.7%
SOHO	2.4%	32.0%	3.0%	0.0%

Securities Listed on NYSE American or Regional Exchanges/Network B Eligible Security

Non-Directed Orders As Percentage of Total Customer Orders:			0.9%	
Percentage of Total Non-Directed Customer Orders:	Market	Limit	Other	
	32.0%	0.7%	67.3%	
Venues Receiving Significant Percentage of Total Non-Directed Orders:				
Venues	Total Non-Directed Orders	Total Non-Directed Market Orders	Total Non-Directed Limit Orders	Total Non-Directed Other Orders
ARCA	21.8%	2.9%	30.3%	30.7%
NASDAQ	13.8%	0.0%	13.2%	20.4%
CDRG	13.5%	40.9%	11.5%	0.4%
SOHO	10.8%	33.1%	9.7%	0.1%
ETMM	6.3%	19.4%	5.3%	0.0%
EDGX	5.5%	0.0%	6.9%	8.0%
BYXX	4.6%	0.0%	1.1%	6.8%
BATS	4.4%	0.3%	6.8%	6.4%
EDGA	3.0%	0.0%	0.3%	4.5%
MSCO	2.8%	0.3%	4.5%	4.0%
AMEX	2.6%	0.1%	6.8%	3.8%
NQBX	2.0%	0.0%	0.5%	3.0%

Exchange-Listed Options

Non-Directed Orders As Percentage of Total Customer Orders:			89.9%	
Percentage of Total Non-Directed Customer Orders:	Market	Limit	Other	
	4.4%	20.0%	75.6%	
Venues Receiving Significant Percentage of Total Non-Directed Orders:				
Venues	Total Non-Directed Orders	Total Non-Directed Market Orders	Total Non-Directed Limit Orders	Total Non-Directed Other Orders
NASDAQ	32.6%	1.0%	0.5%	42.9%
ARCA	23.1%	1.6%	1.0%	30.2%
CBOE	23.0%	72.9%	14.7%	22.4%
GEMINI	14.2%	4.6%	67.2%	0.8%

Information Concerning Venues

Morgan Stanley & Co. LLC - Morgan Stanley executes large amounts of both institutional and retail order flow. Morgan Stanley utilizes various systems for its order handling and execution, including systems that cross principal and customer orders on an automated basis. These systems and the interaction between these two sources of order flow provide considerable opportunities for liquidity, quick turnaround and access to a broad array of market centers. Morgan Stanley may internalize customer order flow to allow the customer to benefit from this pool of liquidity and to offer customer orders opportunities for price improvement. Such internalization may enable Morgan Stanley to generate a trading profit and/or collect a commission or fee on the contra-side of a cross.

NASDAQ Stock Market - Morgan Stanley is a Market Maker on NASDAQ and may realize profits from these orders.

NASDAQ Options Market - Morgan Stanley is a Market Maker on NASDAQ Options and may realize profits from these orders.

NASDAQ GEMX- Morgan Stanley is a Market Maker on NASDAQ GEMX and may realize profits from these orders.

Chicago Board Options Exchange (“CBOE”) - Morgan Stanley is a Market Maker on CBOE and may realize profits from these orders.

MIAX Options Exchange - Morgan Stanley holds warrants to acquire an indirect ownership interest in MIAX, which become exercisable, conveying a benefit upon Morgan Stanley in the event that Morgan Stanley meets certain order execution thresholds on MIAX. Morgan Stanley is a Market Maker on MIAX and may realize profits from these orders.

MIAX Pearl Options Exchange - Morgan Stanley holds warrants to acquire an indirect ownership interest in MIAX Pearl, which become exercisable, conveying a benefit upon Morgan Stanley in the event that Morgan Stanley meets certain order execution thresholds on MIAX Pearl. Morgan Stanley is a Market Maker on MIAX Pearl and may realize profits from these orders.

NYSE Arca Options - Morgan Stanley is a Market Maker on NYSE Arca Options and may realize profits from these orders.

General Disclosures

Equities

Morgan Stanley routes customer equity orders to national securities exchanges, alternative trading systems (ATSs), including electronic communications networks (ECNs), and other venues. Certain venues offer cash credits for orders that provide liquidity to their books and charge explicit fees for orders that extract liquidity from their books (and certain venues invert this practice). The amount of credits that Morgan Stanley receives from one or more venues may exceed the amount that Morgan Stanley is charged. Morgan Stanley may also receive incremental pricing benefits from certain venues if certain volume thresholds are met. Such payments constitute payment for order flow.

For other disclosures regarding equity order practices please refer to the following link: [U.S. Equity Order Handling and Routing FAQs](#)

Options

Morgan Stanley participates in Exchange-sponsored listed options payment for order flow programs and accepts payment for order flow for certain listed options orders. In the course of providing liquidity, Morgan Stanley may preference certain options orders to the Firm's options market maker, or third party market makers for execution.

Based on client configurations and/or instructions for non-marketable option orders, Morgan Stanley may send orders to one or multiple exchanges and may consider availability of its registered options market-maker to provide price-improvement and/or enhanced liquidity in an automated and anonymous manner via an exchange-sponsored price improvement offering. Subject to the above, Morgan Stanley considers opportunities for price-improvement, fill-rates, type of venue, exchange fees, rebates, and/or tiers when deciding where to route orders.

Ownership Interests

In addition to the ownership interests disclosed in the prior sections, Morgan Stanley or certain affiliates also hold minority stakes in other venues which stand to appreciate as a result of any profits generated from the execution of customer orders.

Customer Requests for Information

In accordance with SEC Rule 606, upon written request, Morgan Stanley & Co. LLC will disclose to clients the identity of the venue to which clients orders were routed for execution, whether the orders were directed or non-directed, and the time of the executions, if any, that resulted from such orders.

Disclaimer

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Morgan Stanley has prepared the Reports solely for informational purposes and consistent with Rules 605 and 606 (formerly Rules 11Ac1-5 and 11Ac1-6) under Regulation NMS (the "Disclosure Rules"). The information provided in the Reports is not intended to, and does not, encompass all the factors to be considered in a best execution analysis and related order routing determinations.

The disclosures required by Rule 605 do not encompass all of the factors that may be important to investors in evaluating the order routing services of a broker-dealer. In addition, any particular market center's statistics will encompass varying types of orders routed by different broker-dealers on behalf of customers with a wide range of objectives. Accordingly, the statistical information required by Rule 605 alone does not create a reliable basis to address whether any particular broker-dealer obtained the most favorable terms reasonably available under the circumstances for customer orders.

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