

ETF Data Licensing Fee Arrangement

Morgan Stanley charges sponsors of exchange-traded funds (“ETFs”) an ETF distribution analytics and support fee (the “Fee”). The Fee is determined based on the number of funds that the ETF sponsor has approved for sale at Morgan Stanley, with a charge of up to \$10,000 per fund per year, subject to a minimum charge of \$150,000. The Fee is generally paid by the ETF’s investment adviser, distributor or other affiliate from its own revenues, profits or retained earnings and not directly from, or as a charge applied against the ETF’s assets. However, these revenues, profits or retained earnings may be derived, in part, from fees earned for services provided to and paid for from the assets of the ETF.

ETF sponsors pay Morgan Stanley the Fee for making available data analytics for Morgan Stanley transactional activity in the sponsor’s ETFs on our platforms. Morgan Stanley seeks to apply the same fee rate to all ETF sponsors, or when applicable, the minimum amount, although, some ETF sponsors may pay a lower per fund Fee for distribution analytics. Because ETF Sponsors pay Morgan Stanley the Fee for each of the Sponsor’s ETFs offered on our platform, the firm receives higher total fees from ETF sponsors that have more ETFs approved for sale. At our discretion, Morgan Stanley may choose (i) not to offer new ETFs launched by ETF sponsors that have not agreed to pay the Fee, or (ii) not to approve a new ETF sponsor for sales of its ETFs on our platform.

In order to mitigate these conflicts, Financial Advisors, Private Wealth Advisors and their Branch Managers do not receive additional compensation as a result of the Fee payable to Morgan Stanley. Further, because the Fee is fixed and does not increase based on new sales or assets invested in each ETF, there is no additional incentive for Morgan Stanley to promote ETFs that agree to pay us the Fee.