

## Supplement to the Qualified Retirement Plan Disclosure Document

*As of September 2013*

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### Important Information Concerning your Morgan Stanley Qualified Retirement Plan Account(s)

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***Pursuant to the U.S. Department of Labor's regulations under Section 408(b)(2) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), Morgan Stanley Smith Barney LLC ("Morgan Stanley"), as a service provider to your ERISA-covered retirement plan, is required to provide certain information regarding our services and compensation to assist you – as a plan fiduciary/sponsor - in assessing the reasonableness of your plan's contracts or arrangements with us, including the reasonableness of our compensation. These disclosure requirements are commonly referred to as "408(b)(2)."***

This "supplemental" disclosure document is being provided to you, as the plan fiduciary/sponsor, to meet the requirements of 408(b)(2) and to help you clearly understand both the services offered to you and the compensation Morgan Stanley may receive in connection with your qualified retirement plan.

This document is meant to provide you with additional information about services Morgan Stanley offers and compensation earned by the firm for certain investments and/or account types under its qualified retirement plan offerings. This document is one of the "referenced disclosure documents" highlighted in the Qualified Retirement Plan Disclosure Document that has been provided to you.

*Tax laws are complex and subject to change. Morgan Stanley Smith Barney LLC ("Morgan Stanley"), its affiliates and Morgan Stanley Financial Advisors and Private Wealth Advisors do not provide tax or legal advice and are not "fiduciaries" (under ERISA, the Internal Revenue Code or otherwise) with respect to the services or activities described herein except as otherwise agreed to in writing by Morgan Stanley. This material was not intended or written to be used for the purpose of avoiding tax penalties that may be imposed on the taxpayer. Individuals are encouraged to consult their tax and legal advisors (a) before establishing a retirement plan or account, and (b) regarding any potential tax, ERISA and related consequences of any investments made under such plan or account.  
Morgan Stanley Smith Barney LLC. Member SIPC.*

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## A. Annuities

Providers pay commissions and trail commissions/service fees to either Morgan Stanley Insurance Services, Inc. ("MSIS") or SBHU Life Agency, Inc. ("SBHU"), depending on the agency for which the selling Financial Advisor or Private Wealth Advisor is an appointed agent. MSIS and SBHU are licensed, insurance agency affiliates of Morgan Stanley Smith Barney LLC ("Morgan Stanley"). Compensation paid by the Providers to MSIS or SBHU is transferred intercompany to Morgan Stanley, and thus the entities are collectively referred to herein as "Morgan Stanley."

Each Provider may utilize one or more insurance company entities that serve as the issuer of the product depending on the state where the contract is issued. The payer of the compensation to Morgan Stanley depends on the state in which the product is issued.

### 1) Variable Annuities

#### a) Providers

The following Providers pay commissions, trail commissions/service fees and revenue sharing to Morgan Stanley in relation to variable annuity products:

- AXA
- Jackson National
- Nationwide
- Ohio National
- Pacific Life
- Prudential
- SunAmerica
- Transamerica

#### b) Upfront & Trail Commissions/Service Fees

The table below provides information about compensation payable to Morgan Stanley on variable annuity products purchased on or after April 2010 pursuant to a distribution/selling agreement between each Provider and Morgan Stanley. The Provider pays a commission to Morgan Stanley based upon the product and share class selected and the covered individual's age. Upfront commissions are calculated as a percentage of the purchase payment and provide compensation to Morgan Stanley for our sales-related activities in relation to each variable annuity we sell. Trail commissions/service fees are determined based on the asset value of the variable annuity. Trail commissions/service fees are payable after a specified time period from the purchase date and provide recurring compensation to Morgan Stanley for providing ongoing customer support and services for in-force variable annuity contracts. The commissions and trail commissions/service fees payable to Morgan Stanley are consistent for all variable annuity products purchased on or after April 2010. Please contact Morgan Stanley for information on compensation payable to Morgan Stanley on variable annuity products purchased before April 2010.

In limited circumstances, Morgan Stanley may enter into a single-case agreement or amendment to an agreement with a Provider that provides for lower compensation than described below in relation to a specific sale where the purchase payment exceeds the product maximum and requires underwriting by the Provider (e.g., for amounts greater than \$1 million). Morgan Stanley may also offer, on an exception basis, variable annuity share classes that provide for different compensation than described below subject to a separate or amended agreement with the Provider. When applicable, Morgan Stanley will provide separate disclosures.

# Morgan Stanley

Variable Annuities Share Classes	Purchase Age	Upfront Commissions	Annual Trails	
			Beginning Immediately (Months 1+)	
B Share***	0 - 80 years	5.80%	0.25%	
	81 - 85 years	3.30%	0.25%	
	86 - 90 years**	2.30%	0.25%	
Bonus	0 - 80 years		0.25%	
	81 - 85 years		0.25%	
	86 - 90 years**		0.25%	
			Beginning Immediately (Months 1- 36)	Beginning on 37th month
L Share - Commission Option A	0 - 80 years	4.80%	n/a	1.00%
	81 - 85 years	2.80%	n/a	1.00%
	86 - 90 years**	1.80%	n/a	1.00%
			Beginning Immediately (Months 1- 12)	Beginning on 13th month
L Share - Commission Option B	0 - 80 years	3.00%	n/a	1.00%
	81 - 85 years	2.00%	n/a	1.00%
	86 - 90 years**	1.25%	n/a	1.00%
			Beginning Immediately (Months 1- 12)	Beginning on 13th month
C Share	0 - 80 years	1.80%	n/a	1.25%
	81 - 85 years	1.55%	n/a	1.25%
			Beginning Immediately (Months 1+)	
Prudential Deferred Income	0 - 80 years	3.70%	0.25%	
	81-85 years	1.85%	0.25%	
			Beginning Immediately (Months 13- 60)	Beginning on 61st month
Jackson Elite Access-Commission Option A	0 - 85 years	4.50%	0.25%	0.50%
			Beginning Immediately (Months 13- 60)	Beginning on 61st month
Jackson Elite Access-Commission Option B	0 - 85 years	3.75%	0.25%	1.00%
			Beginning Immediately (Month 13)	
Jackson Elite Access-Liquidity Option	0-85 years	1.25%	1.00%	

# Morgan Stanley

**Note (\*):** Trail commissions/service fees are generally paid on a monthly basis, calculated as one-twelfth of the annual rate shown above multiplied by the annuity value.

**Note (\*\*):** Morgan Stanley generally does not offer variable annuities to individuals older than 85.

**Note (\*\*\*):** Compensation for the Jackson National Premium Credits variable annuity is consistent with B share products.

**If you initially purchased a variable annuity through a broker-dealer other than Morgan Stanley and subsequently transferred it to an account at Morgan Stanley, the commission paid on the initial purchase and trail commissions/service fees may be different than described above. Furthermore, if you purchase a new variable annuity through an internal exchange from an existing variable annuity, the commission payable on the new purchase may be reduced or eliminated. If applicable, please contact Morgan Stanley for information on the actual compensation received by Morgan Stanley.**

## c) Revenue Sharing

Morgan Stanley collects a revenue sharing payment from each variable annuity product Provider we offer pursuant to the distribution/selling agreement between Provider and Morgan Stanley. The Provider makes revenue sharing payments to Morgan Stanley to enhance the Provider's opportunity to expand sales of variable annuities through Morgan Stanley. Morgan Stanley uses revenue sharing amounts to, amongst other things, maintain and enhance its product platform and implement administrative and other compliance/regulatory enhancements as well as to hold sales meetings, seminars and conferences for training Morgan Stanley Financial Advisors and Private Wealth Advisors. Except as noted, Providers pay revenue sharing on variable annuity assets in accordance with the table below. Revenue sharing payments are paid out of the Provider's revenues or profits and not from the contract value or the assets of an investment option. Amount represents the annual fee that is paid quarterly to Morgan Stanley.

Variable Annuities Asset Value	Revenue Sharing*
1st \$500 million	0.20%
Next \$500 million	0.15%
Next \$500 million	0.14%
Next \$500 million	0.13%
Next \$500 million	0.125%
Next \$500 million	0.12%
Balance > \$3 billion	0.10%

\*Prudential has agreed to pay 0.10% across all asset values.

## d) Providers No Longer Offered

Morgan Stanley no longer offers new products from the following Providers but continues to receive trail commissions/service fees for providing on-going customer support and services in relation to previously purchased variable annuities, and revenue sharing payments. The trail commissions/service fees and revenue sharing payments may be different than the amounts described above for Providers whose products we currently offer. Please contact Morgan Stanley for additional information.

- Allstate
- Commonwealth
- Genworth
- Guardian
- Sun Life of Canada (U.S.)
- Hartford Life
- IDS/Riversource
- ING
- John Hancock
- Lincoln
- MetLife
- Phoenix Life
- Security Benefit
- Zurich Kemper

Morgan Stanley may receive trail commissions/services fees on variable annuity products from Providers that were offered on a limited exception basis and are not listed above. When applicable, please contact Morgan Stanley for additional information on compensation we receive on these products.

## 2) Fixed Annuities

### Upfront Commissions

The table below provides information about compensation payable to Morgan Stanley on fixed annuity products purchased on or after April 2010 pursuant to a distribution/selling agreement between each Provider and Morgan Stanley. The Provider pays a commission to Morgan Stanley based upon the product selected, the owner's age and the amount of the investment to provide compensation for our sales-related activities in relation to each fixed annuity we sell. Upfront commissions are calculated as a percentage of the purchase payment. Please contact Morgan Stanley for information on compensation payable to Morgan Stanley on fixed annuity products purchased before April 2010.

Carrier	Product	Compensation
Nationwide	Platinum Edge	2.75%
Pacific Life	Frontiers II 5-10 years	2.25%
	Frontiers II 5-10 years 81+	1.25%
	Frontiers II 4 years	1.75%
	Frontiers II 4 years 81+	1.00%
	Explorer 6 year	2.00%
	Explorer 6 year 81-85	1.20%
	Expedition 7 year	3.00%
	Expedition 7 year 81-85	1.50%
Transamerica	Capital Builder	2.50%
	Capital Builder 81+	1.25%

In limited circumstances, Morgan Stanley may enter into a single-case agreement or amendment to an agreement with a Provider that provides for lower compensation than described above in relation to a specific sale where the purchase payment exceeds the product maximum and requires underwriting by the Provider (e.g., for amounts greater than \$1 million). Morgan Stanley may also offer fixed annuities during Provider-sponsored special offerings which provide for reduced compensation to Morgan Stanley subject to a separate or amended agreement with the Provider. When applicable, Morgan Stanley will provide separate disclosures.

If you initially purchased a fixed annuity through a broker-dealer other than Morgan Stanley and subsequently transferred it to an account at Morgan Stanley, the commission paid on the initial purchase may be different than described above. Furthermore, if you purchase a new fixed annuity through an internal exchange from an existing fixed annuity, the commission payable on the new purchase may be reduced or eliminated. Finally, the commission may be different on fixed annuities that are newly purchased versus renewal purchases. If applicable, please contact Morgan Stanley for information on the actual compensation received by Morgan Stanley.

### 3) Indexed Annuities

#### Upfront Commissions

The table below provides information about compensation payable to Morgan Stanley on indexed annuity products purchased on or after April 2010 pursuant to a distribution/selling agreement between each Provider and Morgan Stanley. The Provider pays a commission to Morgan Stanley based upon the product selected and the owner's age to provide compensation for our sales-related activities in relation to each indexed annuity we sell. Upfront commissions are calculated as a percentage of the purchase payment. Please contact Morgan Stanley for information on compensation payable to Morgan Stanley on indexed annuity products purchased before April 2010.

Carrier	Product	Compensation
Lincoln	New Directions 6-year [0-75]	4.00%
	New Directions 6-year [76-80]	3.25%
	New Directions 6-year [81-85]	2.25%
	New Directions 8-year [0-75]	5.00%
	New Directions 8-year [76-80]	4.00%
	New Directions 8-year [81-85]	2.75%
PacLife	Pacific Index Choice 6-year	4.00%
	Pacific Index Choice 6-year 81+	2.00%
	Pacific Index Choice 8-year	5.00%
	Pacific Index Choice 8-year 81+	2.50%
AXA	Structured Capital Securities [0-75]	5.00%

If you initially purchased an indexed annuity through a broker-dealer other than Morgan Stanley and subsequently transferred it to an account at Morgan Stanley, the commission paid on the initial purchase may be different than described above. If applicable, please contact Morgan Stanley for information on the actual compensation received by Morgan Stanley.

## 4) Immediate Annuities

### Upfront Commissions

The table below provides information about compensation payable to Morgan Stanley on immediate annuity products pursuant to a distribution/selling agreement between each Provider and Morgan Stanley. The Provider pays a commission to Morgan Stanley based upon the product selected and the amount of the investment to provide compensation for our sales-related activities in relation to each immediate annuity we sell. Upfront commissions are calculated as a percentage of the purchase payment. Morgan Stanley may also offer, on an exception basis, immediate annuities that provide for different compensation than described below subject to a separate or amended agreement with the Provider. When applicable, Morgan Stanley will provide separate disclosures.

Carrier	Product	Compensation
American General	Immediate	4.0%
Genworth	Secure Living	4.0%
ING	15+ Years & Life Option	4.0%
Integrity	Immediate	4.0%
Nationwide	Immediate	4.0%
New York Life	Immediate	4.0%
Pacific Life	Immediate	4.0%
Protective Life	Immediate	4.0%
Transamerica	10+ Years	4.0%

## **B. Universal\Whole Life Insurance**

Insurance carriers pay commissions to either Morgan Stanley Insurance Services, Inc. ("MSIS") or SBHU Life Agency, Inc. ("SBHU"), depending on the agency for which the selling Financial Advisor or Private Wealth Advisor is an appointed agent. MSIS and SBHU are licensed, insurance agency affiliates of Morgan Stanley Smith Barney LLC ("Morgan Stanley"). Compensation paid by the insurance carriers to MSIS or SBHU is transferred intercompany to Morgan Stanley, and thus the entities are collectively referred to herein as "Morgan Stanley."

Each insurance carrier may utilize one or more insurance company entities that serve as the issuer of the product depending on the state where the contract is issued. The payer of the compensation to Morgan Stanley depends on the state in which the product is issued.

Morgan Stanley will be paid a commission by the insurance carrier on sales made to qualified retirement plans participating in transactions involving Split Funded Defined Benefit – Universal or Whole Life insurance products. The commission percentage depends on the carrier and type of insurance product purchased, as well as the policy owner's state of domicile. Commissions are payable pursuant to a distribution/selling agreement between each insurance carrier and Morgan Stanley. Morgan Stanley is the agent of record on these insurance policies and receives the commission payment directly from the carrier as compensation for our sales-related activities in relation to each Split Funded Defined Benefit – Universal or Whole Life insurance product we sell. Refer to the language below for the rules governing commission rates and the product chart outlining commission rates by carrier and whether the product is available in the State of New York or not.

### **1) New York State Clientele**

In the first policy year, Morgan Stanley may receive a commission of up to 99% of the premium paid up to the target premium amount and up to 5% of the premium paid above the target premium amount. For those life insurance products that pay commissions on renewal premiums beginning in policy year two and thereafter as long as the policy is in force, Morgan Stanley may receive up to 4% on the renewal premiums paid.

### **2) Non - New York State Clientele**

In the first policy year, Morgan Stanley may receive a commission of up to 114% of the premium paid up to the target premium amount and up to 4.5% of the premium paid above the target premium amount. For those life insurance products that pay commissions on renewal premiums beginning in policy year two and thereafter as long as the policy is in force, Morgan Stanley may receive up to 4% on the renewal premiums paid.

## 3) Product Chart

SPLIT FUNDED DEFINED BENEFIT PLANS - UNIVERSAL / WHOLE LIFE				
Carrier Name	Product Name	Firm Gross on Target FY	Above Target FY2	Firm Rate on Renewals Yrs 2+
AXA	ATHENA UL	114%	Yr 1: 4%	Yrs 2-10: 3%
AXA	ATHENA UL NY	99%	Yr 1: 4%	Yrs 2-10: 3%
HARTFORD LIFE	HARTFORD EXTRAORDINARY WHOLE LIFE NY	99%	Yrs 1: 4% Yrs. 2+: 2%	Yrs 2+: 2%
HARTFORD LIFE & ANNUITY	HARTFORD EXTRAORDINARY WHOLE LIFE NY	99%	Yrs 1: 4% Yrs. 2+: 2%	Yrs 2+: 2%
METLIFE INVESTORS USA INS CO	PROMISE WHOLE LIFE 120	99%	Yr. 1: 1%	Yrs. 2-10: 4%
METLIFE INVESTORS USA INS CO *	PROMISE WHOLE LIFE 100	99%	Yr. 1: 1%	Yrs. 2-10: 4%
METLIFE INVESTORS USA INS CO *	GUARANTEED ADVANTAGE UL	114%	Yr. 1: 4%, Yrs. 2-10: 3%	Yrs. 2-10: 3%
METROPOLITAN LIFE INSURANCE CO	PROMISE WHOLE LIFE 120 NY	99%	Yr. 1: 1%	Yrs. 2-10: 4%
METROPOLITAN LIFE INSURANCE CO *	PROMISE WHOLE LIFE 100 NY	99%	Yr. 1: 1%	Yrs. 2-10: 4%
METROPOLITAN LIFE INSURANCE CO *	GUARANTEED ADVANTAGE UL	99%	Yr. 1: 4%, Yrs. 2-10: 3%	Yrs. 2-10: 3%
PACIFIC LIFE	FLEX PROTECTOR II	105%	Yrs. 2+: 50%	Yrs 2+: 50%
PACIFIC LIFE & ANNUITY OF NY	FLEX PROTECTOR II NY	89%	Yrs. 2+: 2%	Yrs 2+: 3%
TRANSAMERICA FINANCIAL LIFE	TRANSACE CV Below 70 Years of Age	99%	Yrs 1-5: 5%	-
TRANSAMERICA FINANCIAL LIFE	TRANSACE CV Above 70 Years of Age	99%	Yrs 1-10: 5%	-
TRANSAMERICA LIFE INSURANCE CO	TRANSECURE II	110%	Yr. 1: 4.5%	Yrs 2-5: 3%
TRANSAMERICA LIFE INSURANCE CO	TRANS ACE (10/12) - Below 70 Years of Age (16 - 69)	114%	Yr. 1: 4.5%	Yrs 2-5: 3%
TRANSAMERICA LIFE INSURANCE CO	TRANS ACE (10/12) - Above 70 Years of Age (70 - 89)	114%	Yr. 1: 4.5%	Yrs 2-5: 3% Yrs 6-10: 2.5%
TRANSAMERICA LIFE INSURANCE CO	TRANSACE CV Below 70 Years of age	114%	Yr 1: 4.5%	Yrs 2-10: 3%
TRANSAMERICA LIFE INSURANCE CO	TRANSACE CV Above 70 yrs of age	114%	Yr 1: 5% Yrs 2-10: 4%	Yrs 2-5: 3%
METLIFE INVESTORS USA	Promise WL Select 10	45%	Yr 1: 5% Yrs 2-10: 4%	Yrs 2-10: 4%
METROPOLITAN LIFE INSURANCE COMPANY	Promise WL Select 10 NY	45%	Yr 1: 5% Yrs 2-10: 4%	Yrs 2-10: 4%
METLIFE INVESTORS USA	Promise WL Select 20	85%	Yr 1: 5% Yrs 2-10: 4%	Yrs 2-10: 4%
METROPOLITAN LIFE INSURANCE COMPANY	Promise WL Select 20 NY	85%	Yr 1: 5% Yrs 2-10: 4%	Yrs 2-10: 4%
METLIFE INVESTORS USA	Promise WL Select 65	99%	Yr 1: 5% Yrs 2-10: 4%	Yrs 2-10: 4%
METROPOLITAN LIFE INSURANCE COMPANY	Promise WL Select 65 NY	99%	Yr 1: 5% Yrs 2-10: 4%	Yrs 2-10: 4%
METROPOLITAN LIFE INSURANCE COMPANY	Promise WL Select 20 NY	85%	Yr 1: 5% Yrs 2-10: 4%	Yrs 2-10: 4%
METLIFE INVESTORS USA	Promise WL Select 65	99%	Yr 1: 5% Yrs 2-10: 4%	Yrs 2-10: 4%
METROPOLITAN LIFE INSURANCE COMPANY	Promise WL Select 65 NY	99%	Yr 1: 5% Yrs 2-10: 4%	Yrs 2-10: 4%

**Note (\*):** For initial face amounts of \$20 million and above, the commission amount will be reduced by 50% of the above stated compensation.

## C. Unit Investment Trusts

Morgan Stanley Smith Barney LLC (“Morgan Stanley”) receives different forms of compensation from Unit Investment Trust (“UIT”) product sponsors when it sells their products, including Dealer Concessions, Volume Concessions, Preferred Dealer Concessions and UIT Support Fees. The UIT product sponsors Morgan Stanley offers include: Advisors Asset Management (“AAM”), Invesco (formerly known as Van Kampen), First Trust Advisors LLP, and Guggenheim Partners (formerly known as Claymore).

### 1) Dealer Concession

Morgan Stanley receives a dealer concession for each Morgan Stanley UIT sale. The dealer concession is paid by the UIT sponsor to Morgan Stanley pursuant to a dealer agreement and the terms of the UIT prospectus. The dealer concession, similar to a sales commission, provides compensation to Morgan Stanley for activities that result in the sale of a UIT. The compensation earned will vary by product sponsor, the nature of trust (Equity or Fixed Income), trust duration and the transaction amount/breakpoint at which the purchase qualifies, as shown in the tables below:

#### a) Equity UITs

<i>Equity UITs</i>		<b>Dealer Concessions</b>			
<b>Duration</b>	<b>Transaction Level</b>	<b>Invesco</b>	<b>First Trust</b>	<b>Guggenheim</b>	<b>AAM</b>
<b>15 Months</b>	\$0-\$49,999	2.25%	2.25%	2.20%	2.20%
	\$50,000-\$99,999	2.00%	2.00%	2.00%	2.00%
	\$100,000-\$249,999	1.75%	1.75%	1.75%	1.75%
	\$250,000-\$499,999	1.50%	1.50%	1.50%	1.50%
	\$500,000-\$999,999	1.25%	1.25%	1.25%	1.25%
	\$1,000,000-over	0.75%	0.75%	0.75%	0.75%
	Roll over	1.30%	1.30%	1.30%	1.30%
<b>15 Months, 0 upfront</b>	\$0-\$49,999	<i>No comparable offering</i>	\$0.215	<i>No comparable offering</i>	<i>No comparable offering</i>
	\$50,000-\$99,999		\$0.190		
	\$100,000-\$249,999		\$0.165		
	\$250,000-\$499,999		\$0.140		
	\$500,000-\$999,999		\$0.115		
	\$1,000,000-over		\$0.065		
	Roll over		\$0.125		
<b>2 Years</b>	\$0-\$49,999	3.15%	3.15%	3.10%	3.10%
	\$50,000-\$99,999	2.90%	2.90%	2.85%	2.85%
	\$100,000-\$249,999	2.65%	2.65%	2.60%	2.60%
	\$250,000-\$499,999	2.35%	2.35%	2.35%	2.30%
	\$500,000-\$999,999	2.25%	2.25%	2.25%	2.20%
	\$1,000,000-over	1.80%	1.80%	1.80%	1.75%
	Roll over	2.15%	2.15%	2.20%	2.10%
<b>2 Years, 0 upfront</b>	\$0-\$49,999	<i>No comparable offering</i>	\$0.305	\$0.300	<i>No comparable offering</i>
	\$50,000-\$99,999		\$0.280	\$0.275	
	\$100,000-\$249,999		\$0.255	\$0.250	
	\$250,000-\$499,999		\$0.225	\$0.235	
	\$500,000-\$999,999		\$0.215	\$0.225	
	\$1,000,000-over		\$0.170	\$0.175	
	Roll over		\$0.210	\$0.200	

Equity UITs		Dealer Concessions			
Duration	Transaction Level	Invesco	First Trust	Guggenheim	AAM
3 Years Preferreds	\$0-\$49,999	2.55%	No comparable offering	No comparable offering	No comparable offering
	\$50,000-\$99,999	2.40%			
	\$100,000-\$249,999	2.25%			
	\$250,000-\$499,999	2.10%			
	\$500,000-\$999,999	1.90%			
	\$1,000,000-over	1.10%			
	Rollover	1.90%			
3 Years	\$0-\$49,999	3.50%	No comparable offering	3.25%	No comparable offering
	\$50,000-\$99,999	3.25%		3.00%	
	\$100,000-\$249,999	3.00%		2.75%	
	\$250,000-\$499,999	2.80%		2.50%	
	\$500,000-\$999,999	2.60%		1.75%	
	\$1,000,000-over	2.10%		1.20%	
	Rollover	2.30%		2.35%	
5 Years (core) legacy	\$0-\$49,999	3.60%	3.60%	3.60%	3.60%
	\$50,000-\$99,999	3.35%	3.35%	3.35%	3.35%
	\$100,000-\$249,999	3.25%	3.25%	3.25%	3.10%
	\$250,000-\$499,999	2.75%	2.75%	2.75%	2.60%
	\$500,000-\$999,999	2.00%	2.00%	2.00%	1.60%
	\$1,000,000-over	1.25%	1.25%	1.25%	1.25%
	Rollover	2.70%	2.60%	2.60%	2.60%
5 Years, 0 upfront	\$0-\$49,999	No comparable offering	\$0.350	No comparable offering	No comparable offering
	\$50,000-\$99,999		\$0.325		
	\$100,000-\$249,999		\$0.315		
	\$250,000-\$499,999		\$0.265		
	\$500,000-\$999,999		\$0.190		
	\$1,000,000-over		\$0.115		
	Rollover		\$0.250		
5 Years (core) legacy	\$0-\$49,999	No comparable offering	3.60%	No comparable offering	No comparable offering
	\$50,000-\$99,999		3.35%		
	\$100,000-\$249,999		3.10%		
	\$250,000-\$499,999		2.60%		
	\$500,000-\$999,999		1.60%		
	\$1,000,000-over		1.00%		
	Rollover		2.60%		
5 Years	\$0-\$49,999	2.25%	No comparable offering	No comparable offering	No comparable offering
	\$50,000-\$99,999	2.25%			
	\$100,000-\$249,999	2.05%			
	\$250,000-\$499,999	2.00%			
	\$500,000-\$999,999	1.95%			
	\$1,000,000-over	1.80%			
	Rollover	1.30%			

## b) Fixed Income UITs

Where the Dealer Concession amount is shown as a fixed dollar amount, the amount represents the Dealer Concession paid per each \$1,000 unit of the UIT. Where the Dealer Concession amount is shown as a percentage, the amount represents the Dealer Concession paid as a percentage of the total amount purchased.

Fixed Income							
Invesco		First Trust		AAM IPO's		Guggenheim	
Long Term 25 year **		Intermediate Long Term		Long Term		Long Term	
Trans. Level	D. Concession	Trans. Level	D. Concession*	Trans. Level	D. Concession	Trans. Level	D. Concession
\$0-\$99,999	\$35.00	\$0-\$99,999	\$30.00	\$0-\$99,999	\$22.50	\$0-\$99,999	\$35.00
\$100,000-\$249,999	\$33.00	\$100,000-\$249,999	\$27.50	\$100,000-\$249,999	\$20.00	\$100,000-\$249,999	\$33.00
\$250,000-\$499,999	\$32.00	\$250,000-\$499,999	\$25.00	\$250,000-\$499,999	\$17.50	\$250,000-\$499,999	\$32.00
\$500,000-\$999,999	\$25.00	\$500,000-\$999,999	\$22.50	\$500,000-\$999,999	\$15.00	\$500,000-\$999,999	\$25.00
\$1,000,000-\$2,999,999	\$20.00	\$1,000,000-\$4,999,999	\$21.00	\$1,000,000-\$4,999,999	\$13.00	\$1,000,000+	\$20.00
\$3,000,000-\$4,999,999	\$16.00	\$5,000,000+	\$10.00	\$5,000,000-\$9,999,999	\$11.00	Swap	\$20.00
\$5,000,000 +	\$10.00	No swap available		\$10,000,000+	\$9.00		
Swap	\$25.00			Swap	\$17.50		
Intermediate Long Term 12 - 15 year **		Intermediate Short Term		Intermediate Long Term		Intermediate Term	
Trans. Level	D. Concession	Trans. Level	D. Concession*	Trans. Level	D. Concession	Trans. Level	D. Concession
\$0-\$99,999	\$30.00	\$0-\$99,999	\$20.00	\$0-\$99,999	\$17.50	\$0-\$99,999	\$31.00
\$100,000-\$249,999	\$26.00	\$100,000-\$249,999	\$17.50	\$100,000-\$249,999	\$15.00	\$100,000-\$249,999	\$27.50
\$250,000-\$499,999	\$24.00	\$250,000-\$499,999	\$15.00	\$250,000-\$499,999	\$13.00	\$250,000-\$499,999	\$25.00
\$500,000-\$999,999	\$22.00	\$500,000-\$999,999	\$12.50	\$500,000-\$999,999	\$11.00	\$500,000-\$999,999	\$22.50
\$1,000,000-\$2,999,999	\$20.00	\$1,000,000-\$4,999,999	\$11.00	\$1,000,000-\$4,999,999	\$9.00	\$1,000,000-\$2,999,999	\$21.00
\$3,000,000-\$4,999,999	\$15.00	\$5,000,000+	\$7.50	\$5,000,000-\$9,999,999	\$7.50	\$3,000,000-\$4,999,999	\$15.00
\$5,000,000 +	\$9.00	No swap available		\$10,000,000+	\$6.00	\$5,000,000+	\$7.50
Swap	\$20.00			Swap	\$13.00	Swap	\$20.00
Intermediate 10 year **		GNMA (5yr) grit		Intermediate Term		Short term	
Trans. Level	D. Concession	Trans. Level	D. Concession	Trans. Level	D. Concession	Trans. Level	D. Concession
\$0-\$99,999	\$20.00	\$0-\$49,999	3.60%	\$0-\$99,999	\$12.50	\$0-\$99,999	\$20.00
\$100,000-\$249,999	\$18.00	\$50,000-\$99,999	3.35%	\$100,000-\$249,999	\$11.00	\$100,000-\$249,999	\$17.50
\$250,000-\$499,999	\$17.00	\$100,000-\$249,999	3.25%	\$250,000-\$499,999	\$9.00	\$250,000-\$499,999	\$15.00
\$500,000-\$999,999	\$15.00	\$250,000-\$499,999	2.75%	\$500,000-\$999,999	\$8.00	\$500,000-\$999,999	\$12.50
\$1,000,000-\$2,999,999	\$13.00	\$500,000-\$999,999	2.00%	\$1,000,000-\$4,999,999	\$7.00	\$1,000,000-\$2,999,999	\$11.00
\$3,000,000-\$4,999,999	\$11.00	\$1,000,000-\$4,999,999	1.25%	\$5,000,000-\$9,999,999	\$6.00	\$3,000,000 +	\$5.00
\$5,000,000 +	\$9.00	Swap	2.60%	\$10,000,000+	\$4.50	Swap	\$10.00
Swap	\$16.00			Swap	\$9.00		
Invesco		First Trust		AAM		Guggenheim	
Short / Intermediate 5-7 year		GNMA (2 year)		Long Term 25 year+		Long Term	
Trans. Level	D. Concession	Trans. Level	D. Concession	Trans. Level	D. Concession	Trans. Level	D. Concession
\$0-\$99,999	\$20.00	\$0-\$49,999	3.15%	\$0-\$99,999	\$38.00	\$0-\$99,999	\$35.00
\$100,000-\$249,999	\$17.50	\$50,000-\$99,999	2.90%	\$100,000-\$249,999	\$30.00	\$100,000-\$249,999	\$33.00
\$250,000-\$499,999	\$15.00	\$100,000-\$249,999	2.65%	\$250,000-\$499,999	\$20.00	\$250,000-\$499,999	\$32.00
\$500,000-\$999,999	\$12.50	\$250,000-\$499,999	2.35%	\$500,000-\$999,999	\$15.00	\$500,000-\$999,999	\$25.00
\$1,000,000-\$2,999,999	\$10.50	\$500,000-\$999,999	2.25%	\$1,000,000+	\$12.00	\$1,000,000+	\$20.00
\$3,000,000 +	\$8.50	\$1,000,000+	1.80%	Swap	\$23.00	Swap	\$20.00
Swap	\$12.50	Swap	2.15%				
Short Term 2-3 year		GNMA (5 year)		Intermediate Term			
Trans. Level	D. Concession	Trans. Level	D. Concession	Trans. Level	D. Concession		
\$0-\$99,999	\$10.00	\$0-\$49,999	3.60%	\$0-\$99,999	\$20.00		
\$100,000-\$249,999	\$8.00	\$50,000-\$99,999	3.35%	\$100,000-\$249,999	\$18.00		
\$250,000-\$499,999	\$7.00	\$100,000-\$249,999	3.10%	\$250,000-\$499,999	\$16.50		
\$500,000-\$999,999	\$6.00	\$250,000-\$499,999	2.60%	\$500,000-\$999,999	\$15.00		
\$1,000,000+	\$5.00	\$500,000-\$999,999	1.60%	\$1,000,000+	\$13.00		
Swap	\$6.00	\$1,000,000-\$4,999,999	1.25%	Swap	\$11.00		
GNMA							
Trans. Level	D. Concession						
\$0-\$99,999	2.75%						
\$100,000-\$249,999	2.50%						
\$250,000-\$499,999	2.30%						
\$500,000-\$999,999	2.10%						
\$1,000,000-\$2,999,999	1.25%						
\$3,000,000-\$4,999,999	1.10%						
\$5,000,000+	0.90%						
Swap	2.10%						

**Note (\*):** First Trust pays additional dealer concessions on this offering of \$1.00 per unit for purchases of 250 units but less than 1,000 units and \$2.00 per unit for purchases of 1,000 units or more.

**Note (\*\*):** Invesco pays additional dealer concessions of \$1.00 per unit for takedowns of 250 units or more and \$2.00 per unit for takedowns of 1,000 units or more.

## 2) Volume Concession

Morgan Stanley receives additional compensation based on its aggregate sales during the initial offering period for each product sponsor's products. The volume concession is paid by the UIT sponsor to Morgan Stanley pursuant to a dealer agreement and the terms of the UIT prospectus. The volume concession provides additional compensation to Morgan Stanley based on the aggregate volume of its sales activities with each sponsor. The table below provides volume concession rates for each aggregate breakpoint level, which are generally paid in a calendar quarter or for trailing 12 month sales:

Sponsor	Payment Frequency	Transaction Level (in millions)	Volume Concession
AAM	Quarterly	Less than \$5	0.000%
		\$10 but less than \$25	0.050%
		\$25 but less than \$50	0.100%
		\$50 but less than \$75	0.110%
		\$75 but less than \$100	0.120%
		\$100 but less than \$250	0.125%
		\$250 but less than \$500	0.135%
		\$500 or more	0.150%
First Trust	Monthly (Based upon distributor's sales during the previous consecutive 12-month period)	Less than \$25	0.000%
		\$25 but less than \$100	0.050%
		\$100 but less than \$150	0.075%
		\$150 but less than \$250	0.100%
		\$250 but less than \$500	0.115%
		\$500 but less than \$750	0.125%
		\$750 but less than \$1000	0.130%
		\$1000 but less than \$1500	0.135%
		\$1500 but less than \$2000	0.140%
		\$2000 but less than \$3000	0.150%
		\$3000 but less than \$4000	0.160%
		\$4000 but less than \$5000	0.170%
Guggenheim	Quarterly	\$5000 or more	0.175%
		Less than \$10	0.000%
		\$10 but less than \$25	0.075%
		\$25 but less than \$50	0.100%
		\$50 or more	0.125%
Invesco	Monthly (Based upon distributor's sales during the previous consecutive 12-month period)	Less than \$25	0.000%
		\$25 but less than \$100	0.050%
		\$100 but less than \$150	0.075%
		\$150 but less than \$250	0.100%
		\$250 but less than \$500	0.115%
		\$500 but less than \$750	0.125%
		\$750 but less than \$1000	0.130%
		\$1000 but less than \$1500	0.135%
		\$1500 but less than \$2000	0.140%
		\$2000 but less than \$3000	0.150%
		\$3000 but less than \$4000	0.160%
		\$4000 but less than \$5000	0.170%
		\$5000 or more	0.175%

\* Asset Management (AAM) UIT Volume Concession graph is effective as of 1/1/2013.

### 3) **Deferred Sales Charge**

UITs may assess a deferred sales charge which is taken out of trust assets over a defined period of time during the life of the trust. Investors redeeming their units before all deferred sales charges are deducted from assets must pay any remaining sales charge at the time of redemption.

### 4) **UIT Support Fee**

Morgan Stanley receives revenue sharing payments from the UIT product sponsors pursuant to a UIT support fee agreement. The UIT sponsors pay the UIT support fee to Morgan Stanley in exchange for Morgan Stanley providing (i) the opportunity for sponsors to distribute their UITs through Morgan Stanley's retail sales force via the firm's order entry system, (ii) access to Morgan Stanley branch offices, and (iii) additional sales-related information and services designed to enhance the sponsor's opportunity to expand sales of UITs.

- AAM: \$350,000 per year
- First Trust: \$350,000 per year.
- Guggenheim: \$350,000 per year.
- Invesco: No agreement.

## **D. Open-Ended Mutual Funds**

Morgan Stanley Smith Barney LLC (“Morgan Stanley”) receives different forms of compensation from mutual fund complexes when it sells their funds, including Commissions, Shareholder Servicing Fees (also known as 12b-1 Fees), Recordkeeping/Sub-accounting Fees and Mutual Fund Support Fees.

### **1) Commissions**

Morgan Stanley receives a commission for each Morgan Stanley mutual fund sale. The commission is paid by the mutual fund’s distributor to Morgan Stanley pursuant to a dealer agreement and the terms of the fund’s prospectus. The commission provides compensation to Morgan Stanley for activities that result in the sale of a mutual fund. Commissions vary by Fund Company, fund category or classification, share class purchased and the transaction amount/breakpoint at which the purchase qualifies (when applicable). The online Mutual Fund Search Tool categorizes commissions as Commission(s) – Back End Load (generally class B shares), Front End Load (generally class A shares), and Level Load (generally class C shares).

### **2) Shareholder Servicing/12b-1 Fees**

The mutual fund’s distributor pays Morgan Stanley a shareholder servicing/12b-1 fee for providing ongoing services to mutual fund clients, including maintenance of client accounts, responding to client inquiries and providing information about their investments. Shareholder servicing/12b-1 fees are paid by the mutual fund’s distributor to Morgan Stanley pursuant to a dealer agreement and the terms of the fund’s prospectus. The amount of the shareholder servicing/12b-1 fee will vary primarily based on the share class purchased.

### **3) Recordkeeping/Sub-accounting Fees**

Morgan Stanley receives compensation from funds or their affiliated service providers for providing certain recordkeeping and related services to the funds pursuant to an administrative services agreement.

We generally conduct mutual fund transactions with a fund family on an omnibus basis (e.g., we consolidate all of our clients’ trades into one daily trade with the fund, and maintain all transaction level data for our clients on behalf of the funds) and perform substantially all of the transactional activities and services that would otherwise be performed by the funds. For providing these services, the funds or their affiliated service providers pay Morgan Stanley sub-accounting fees on either a per position per year basis or a specific percentage payable on fund assets held by our clients per year.

For those fund families for which we do not conduct mutual fund transactions on an omnibus basis, we trade with the funds on a networked basis whereby we still perform substantial recordkeeping and related services that would otherwise be performed by the funds. When Morgan Stanley transacts mutual funds trades on a networked basis, we submit a separate trade for each individual client trade to the fund, and therefore only maintain certain elements of the fund’s shareholder information. For providing these services, the funds or their affiliated service providers pay Morgan Stanley a networking fee on a per position per year basis.

### **4) Mutual Fund Support Fees**

Morgan Stanley receives revenue sharing payments from each fund family’s distributor or investment advisor(s) pursuant to a mutual fund support fee agreement. The mutual fund companies pay the mutual fund support fee to Morgan Stanley in exchange for inclusion of their funds in Morgan Stanley’s retail distribution channels and related mutual fund sales infrastructure.

### **Payments from Other Service Providers**

Morgan Stanley may be reimbursed by fund families, their affiliates or other service providers to offset expenses incurred by Morgan Stanley for internal sales events and training programs, as well as client seminars, conferences and meetings held in the normal course of business. Please refer to the sections of the Qualified Retirement Plan Disclosure Document and this Supplement to that document entitled “Payments from Other Service Providers” for additional information.

## **E. Alternative Investments & Managed Futures**

As further described below, Morgan Stanley Smith Barney LLC (“Morgan Stanley”) and certain of its affiliates receive various forms of compensation from Alternative Investment (“AI”) and Managed Futures (“MF”) product sponsors for selling their products and from investors in these products introduced and/or operated by Morgan Stanley.

### **1) Distributor Fee(s)**

*Fee paid by an investor to the Distributor for introducing the investor to the Fund (applies to Alternative Investment Funds)*

These upfront placement fees apply to certain AI products depending on how the transaction is structured, are specified in the offering documents of the specific product, and are paid by the investor. The amounts of these fees vary between products based on the terms negotiated between Morgan Stanley and the product sponsor. These fees compensate Morgan Stanley for introducing the investor to the product, and are generally, depending on the terms of the product offering, not charged to investors that are advisory clients of Morgan Stanley. Upfront placement fees generally range from 0.0% to 3.0% of the invested amount and change based on the size of the investment. As noted above, the fee scale for each product is set forth in the offering documents for such product. Please contact your Financial Advisor or Private Wealth Advisor to request a copy of the offering documents. The typical scale for these fees is below, although fees for certain products (as set forth in the specific offering document) may differ from this scale:

<b>Investment Amount</b>	<b>Fee</b>
\$0 - 249,999	3.00%
\$250,000 - \$999,999	2.00%
\$1,000,000 - \$4,999,999	1.00%
\$5,000,000 - over	0.0% - 0.50%

*Fee paid by an investor to the Distributor for advisory services (applies to Alternative Investment Funds)*

These ongoing annual advisory fees apply to all AI products sold on an advisory basis. The stated fee range is generally from 0.75% to 2.00% of the amount invested by Morgan Stanley as investment advisor in exchange for ongoing advisory services. However, these fees are negotiated individually between each client and their Financial Advisor or Private Wealth Advisor and may vary above or below this range. Advisory fees are addressed separately in the Qualified Retirement Plan Disclosure Document and are set forth in the advisory or consulting agreement between the client and Financial Advisor or Private Wealth Advisor. Please ask your Financial Advisor or Private Wealth Advisor for a copy of any advisory or consulting agreement(s) that cover assets held in your plan.

*Fee paid by an investor to the Distributor for redemption of the Fund (applies to Alternative Investment Funds)*

These fees are no longer collected.

## **2) Distributor Revenue Sharing Fee(s)**

*Portion of Fund Manager Revenue shared with the Distributor (applies to Alternative Investment Funds)*

These on-going annual trail fees apply to certain AI products sold on a placement/brokerage basis or for which Morgan Stanley acts as the servicing agent. Products include these fees in accordance with the terms negotiated between Morgan Stanley and the fund manager/product sponsor prior to the product offering. These fees are paid by the fund manager/product sponsor (generally equal to approximately half of their management fee) to Morgan Stanley for on-going service to the investor on behalf of the sponsor. The fee is based on the aggregate amount invested in the product by the investor or the net asset value of such position. These fees typically range from 0.50% to 1.50%. Certain products may fall above or below these ranges and, along with the name of the fund manager/product sponsor, are set forth in the offering documents of each product, which are available from your Financial Advisor or Private Wealth Advisor.

*Applies to Alternative Investment Funds and Managed Futures*

In limited instances, Morgan Stanley may be compensated by an issuer for introducing an investment adviser to the issuer. These fees typically are either structured as a one-time payment from the issuer to Morgan Stanley or as an on-going trail payment to Morgan Stanley that generally ranges from 0.10 to 0.40% of the aggregate amount of investments by clients of the investment adviser who invest with the issuer. For both AI and MF products, certain products may fall above and below these ranges. Please refer to the offering documents of each product, which are available from your Financial Advisor or Private Wealth Advisor, for the name of the issuer and the specific fees related to such product.

## **3) Fund Management Fee(s)**

*Fee charged by Fund Manager/General Partner to manage assets (applies to Alternative Investment Funds and Managed Futures)*

These fund manager/general partner fees apply to any product where an affiliate of Morgan Stanley serves as fund manager/general partner for the product (or in a similar capacity) and compensate the fund manager/general partner for its services to the product. Morgan Stanley-affiliated entities that act as fund managers/general partners are subsidiaries of Morgan Stanley Smith Barney Holdings LLC separate from Morgan Stanley Smith Barney LLC. The name of the entity acting as fund manager/general partner with respect to a product is set forth in the offering documents of the product, which are available from your Financial Advisor or Private Wealth Advisor. These fees typically range from 0.25% to 1.25% of the net asset value of the client's position depending on the terms of each product. For HedgePremier funds, these fees are set at 0.25%. For MF products these fees are typically from 0.75% to 1.25%. Certain products may fall above or below these ranges and are set forth in the offering documents of each product, which are available from your Financial Advisor or Private Wealth Advisor.

## **4) Investor Servicing Fee(s)**

*Fee paid to the Distributor for on-going service to the investor on behalf of the Fund (applies to Alternative Investment Funds and Managed Futures)*

These on-going annual trail fees apply to virtually all AI and MF products sold on a placement/brokerage basis or for which Morgan Stanley acts as the servicing agent. Products that do not include these fees do so in accordance with the terms negotiated between Morgan Stanley and the product sponsor prior to the product offering. These fees are paid by the investor to Morgan Stanley for on-going service to the investor on behalf of the sponsor. The fee is based on the aggregate amount invested in the product by the investor or the net asset value of such position. For AI products, these fees typically range from 0.50% to 1.50%. For MF products, these fees typically range from 0.75% to 4.00%. For both AI and MF products, certain products may fall above or below these ranges and are set forth in the offering documents of each product, which are available from your Financial Advisor or Private Wealth Advisor.

## 5) **Placement Fee(s)**

*Fee paid by a Fund Manager to the Distributor for introducing an investor to the Fund (applies to Alternative Investment Funds)*

These upfront placement fees apply to certain AI products depending on how the transaction is structured, which, along with the name of the fund manager/product sponsor, are specified in the offering documents of the specific product, and are paid by the fund manager/product sponsor. The amounts of these fees vary between products based on the terms negotiated between Morgan Stanley and the fund manager/product sponsor. These fees compensate Morgan Stanley for introducing the investor to the product, and are generally, depending on the terms of the product offering, not charged with respect to investors that are advisory clients of Morgan Stanley. Upfront placement fees generally range from 0.0% to 3.0% of the invested amount and change based on the size of the investment. As noted above, the fee scale for each product, along with the name of the fund manager/product sponsor, are set forth in the offering documents for such product. Please contact your Financial Advisor or Private Wealth Advisor to request copies of the offering documents. The typical scale for these fees is below, although fees for certain products (as set forth in the specific offering document) may differ from this scale:

Investment Amount	Fee
\$0 - 249,999	3.00%
\$250,000 - \$999,999	2.00%
\$1,000,000 - \$4,999,999	1.00%
\$5,000,000 - over	0.0% - 0.50%

## 6) **Wrap Fee(s)**

*Fee charged to cover various Management, Trading, Operating or Distribution Expenses (applies to Managed Futures)*

For certain products where an affiliate of Morgan Stanley is the fund manager/general partner, the fund manager/general partner receives an administrative/servicing fee from the product sponsor or the investor, depending on the terms of the product, to pay for management, trading, operating or distribution expenses. Morgan Stanley-affiliated entities that act as fund manager/general partners are subsidiaries of Morgan Stanley Smith Barney Holdings LLC separate from Morgan Stanley Smith Barney LLC. The name of the entity acting as fund manager/general partner with respect to a product is set forth in the offering documents of the product. These fees typically range from 0.15% to 0.50% of the net asset value of the client's position. Please refer to the offering documents of each product, which are available from your Financial Advisor or Private Wealth Advisor, for the specific fees related to such product.

## 7) **Performance Incentive Fee(s)**

*Fee charged by Investment Advisor for performance greater than specified benchmarks or high water marks (applies to Managed Futures)*

These fees are no longer collected.

## **F. Commissions**

The following schedules set forth the maximum brokerage commission rates charged by Morgan Stanley Smith Barney LLC (“Morgan Stanley”) with respect to equity (e.g. stocks) and option transactions, when Morgan Stanley serves as a broker for its client accounts with respect to such transactions.

Please note, however, the following information:

- A buy/sell order of securities, for purposes of the commission schedules, consists of all “same side” (all buy or all sell) executions of a given security for a given account for a single day
- The actual brokerage commissions that your plan’s account(s) may be charged may be less than the maximum commission rates provided below, and may be negotiated with the Financial Advisor or Private Wealth Advisor
- The actual brokerage commissions that your plan’s account(s) may be charged will be disclosed on the securities transactional confirm and as part of plan account statements
- Morgan Stanley does not currently charge a commission where the firm acts as an agent/broker in fixed income transactions (e.g. bond trading with other brokers). To the extent these transactions occur (generally in Morgan Stanley’s advisory programs), the advisory fee would cover the cost of such transactions
- To the extent that transactions are traded on a principal basis (e.g., from Morgan Stanley inventory) rather than with Morgan Stanley acting as agent, the chart below does not include any amounts earned by Morgan Stanley or its affiliates as principal. Such earnings are not “fees” required to be disclosed as part of either the ERISA Section 408(b)(2) disclosure requirements or the DOL Form 5500 disclosure process
- If you have any questions about the specific brokerage rates/commissions charged to your plan’s account(s), please contact your Financial Advisor or Private Wealth Advisor

## 1) Maximum Equity Commission Rates

Principal Value ("PV") Breakpoints <sup>1</sup>	Percentage of PV	Reduction of Percentage of PV ("RPV") Factor <sup>2</sup>	Maximum Equity Commission Formula
\$0.01-\$999.99	10.00%	N/A	PV multiplied by 10% (PV * 10%)
\$1000.00-\$3,999.99	4.50%	N/A	PV * 4.5%
\$4,000-\$5,999.99	4.50%	$(PV/(4000 - 1)) * 0.023$	$PV * (4.5\% - RPV)$
\$6,000-\$9,999.99	3.35%	$(PV/(6000 - 1)) * 0.0105$	$PV * (3.35\% - RPV)$
\$10,000-\$19,999.99	2.65%	$(PV/(10000 - 1)) * 0.0015$	$PV * (2.65\% - RPV)$
\$20,000-\$39,999.99	2.50%	$(PV/(20000 - 1)) * 0.0050$	$PV * (2.50\% - RPV)$
\$40,000-\$79,999.99	2.00%	$(PV/(40000 - 1)) * 0.0046$	$PV * (2.00\% - RPV)$
\$80,000-\$159,999.99	1.54%	$(PV/(80000 - 1)) * 0.0047$	$PV * (1.54\% - RPV)$
\$160,000 - \$319,999.99	1.07%	$(PV/(160000 - 1)) * 0.0015$	$PV * (1.07\% - RPV)$
\$320,000 - \$9,999,999.99	0.92%	$(PV/(320000 - 1)) * 0.00002$	$PV * (.92\% - RPV)$
\$10 million and above	0.8595%	N/A	$PV * 0.8595\%$

**Note (1):** "Principal Value" or "PV" is the fair market value of the security being purchased, as reflected on the books and records of Morgan Stanley.

**Note (2):** The "Reduction of Percentage of PV Factor" is a factor that is calculated using the formula in this schedule, then multiplied against the Percentage of PV to reduce, in effect, the maximum amount of the commission that may be charged. The factor changes depending on the Principal Value of the transaction according to this schedule.

### Additional Commission/Order Limitations

- a) **Minimum Securities Valuation:** When calculating commissions against the schedule, the minimum value of the securities used to calculate the commission rate is either 4.5% of PV or \$100, whichever is greater.
- b) **Maximum Commission Rate Charged to Clients:** 10.0% of PV (for securities valued below \$1,000, as per the chart).
- c) **Minimum Commission Amount Charged to Clients:** The lesser of 10% of PV or \$100.
- d) **Commission Limits Related to "Round Lots":** Commissions are generally capped at \$300 per the nearest 100 share order (round lots).
- e) **Examples of Maximum Commission Calculations:**

- i. Equity Trade with a Principal Value (PV) of \$96,000

$$\begin{aligned}
 \text{Commission} &= PV * (1.54\% - RPV) \\
 &= 96,000 * (.0154 - [(96,000/80,000-1) * .0047]) \\
 &= 96,000 * (.0154 - [0.2 * .0047]) \\
 &= 96,000 * [0.01446] \\
 &= \$1,388.16
 \end{aligned}$$

## ii. Equity Commission Limitations

Example 1: 250 shares at \$200 per share = \$50,000 Principal Value (PV)

- Base commission calculated prior to limit check equals \$942.50
- Since 250 shares would equal 3 round lots (rounding upward), multiplied by \$300 for each round lot, would equal \$900
- Since \$900 is greater than \$942, client is charged \$900

Example 2: 500 shares at \$3.00 per share = \$1,500 Principal Value (PV)

- Base commission calculated prior to limit check equals \$67.50
- Since this result is less than \$100 and not greater than 10% of PV (\$150), client is charged the \$100 minimum (not \$67.50)

## 2) Maximum Option Commission Rates

For all Options trades, the brokerage commission is equal to the sum of Table A + Table B.

Table A:

Principal Value	Rate
\$0 – \$2,499.99	3.00% + \$25.00
\$2,500 - \$4,999.99	2.75% + \$38.00
\$5,000 - \$19,999.99	1.65% + \$57.00
\$20,000 +	1.25% + \$95.00

Table B:

Number of Share Contracts	Charge
1	\$8.00 per contract
2 - 10	\$7.775 per contract
11 - 50	\$6.50 per contract
51 and over	\$5.45 per contract

The Options commission schedule is subject to the following minimums and maximums:

- Minimums:** The overall minimum commission is \$50.00
- Maximums:** The overarching maximum commission is 5% of principal value when commission is over \$125 (unless the 5% is less than \$125, in which case the commission would be \$125). Other maximums include:
  - The maximum commission is 16% of the principal value or PV
  - The maximum commission is \$84.00 per contract

### c) **Examples of Options Commission Calculations:**

Example 1: 10 contracts, PV: \$200

- **Commission formula:**  $[(3.00\% * (\$200))] + \$25.00 + (\$7.775 * 10)$   
 $=(\$6+\$25) + \$77.75$   
 $=\$108.75$
- **Maximum Commission:** Since commission is under \$125, extended commission is lesser of 16% of PV (\$32.00) or \$84/contract (\$840)
- **Extended Commission:** \$32.00

## Example 2: 20 contracts, PV: \$2,000

- **Commission formula:**  $([3.00\% * (\$2,000)] + \$38.00) + (\$6.50 * 20)$   
 $= (\$60 + \$25) + \$130$   
 $= \$215$
- **Maximum Commission:** Since commission is greater than \$125, grid commission cannot exceed the greater of \$125 or 5% PV (\$100). Since the grid commission is not within these guidelines, and the 5% PV is less than \$125, the maximum constraint is imposed
- **Extended Commission:** \$125.00

## Example 3: 100 contracts, PV: \$25,000

- **Commission formula:**  $([1.25\% * (\$25,000)] + \$95.00) + (\$5.45 * 100)$   
 $= (\$312.5 + \$95) + \$545$   
 $= \$952.50$
- **Maximum Commission:** Since commission is greater than \$125, extended commission cannot exceed 5% PV (\$1,250) or \$84/contract (\$8,400). Since the grid commission is within these guidelines, no maximum constraint is imposed
- **Extended Commission:** \$952.50

## **G. Auction Rate Securities**

Auction Rate Securities ("ARS") are municipal bonds, corporate bonds, interests in trusts or other special purpose vehicles ("SPVs") or preferred stocks, in each case with interest rates or dividend yields that are periodically re-set through auctions, typically every 7, 14, 28, or 35 days. It is important to note that in relation to an investment in ARS, pursuant to our agreements with ARS issuers, there is a remarketing fee paid by the issuer to Morgan Stanley Smith Barney LLC and its affiliates ("Morgan Stanley") ranging from 0 basis points to 25 basis points. These amounts are paid to Morgan Stanley for its on-going role as a participating broker-dealer in the relevant ARS program. More specifically, the fee is paid for our role in facilitating any customer auction orders (i.e., passing through the orders for inclusion in an auction) and implementing the results of the auction (e.g., a new re-set rate, failed auction rate, or transfer of the ARS). Prior to investment, please contact your Financial Advisor or Private Wealth Advisor for the information related to the specific ARS.

## H. Futures Storage Fees

After Morgan Stanley Smith Barney LLC ("Morgan Stanley") executes a Futures trade relating to precious metals, storage may be necessary for these commodities. Refer to the fee schedule below for the rates associated with the specific precious metals and possible corresponding depositories.

Depository	Precious Metals Storage Rates*			
	Gold	Silver	Platinum	Palladium
HSBC	\$15.00	\$8.50 (per bar)	\$20.00	\$20.00
Scotia Mocotta	\$15.00	\$8.50 (per bar)	\$20.00	\$20.00
Brinks	\$12.00	\$30.00	\$15.00	\$15.00
Delaware	N/A	\$8.50 (per bar)	\$20.00	\$20.00
Manfra, Tordella, & Brookes, Inc.	\$15.00	\$8.50 (per bar)	\$15.00	\$15.00
JP Morgan Chase Bank NA	\$15.00	\$8.50 (per bar)	\$20.00	\$20.00

**Note (\*):** The Futures Storage Fees are fixed dollar amounts issued by the depository for exchange traded products. The Futures Storage Fees are charged monthly and paid to the depositories monthly.

**Note (\*\*):** Delaware is not an approved facility to store Gold.

## I. Choice Select Program

Choice Select is a pricing solution for brokerage accounts with a sliding-scale commission schedule where program participants trade and invest following their own investment decisions while still benefiting from the knowledge and experience of a Morgan Stanley Financial Advisor or Private Wealth Advisor.

Choice Select commissions are based on the eligible equities and options<sup>1</sup> trading volume whereby the higher the volume, the lower the marginal commission rate.

The Choice Select program includes the following characteristics:

- Innovative pricing — a transparent, sliding-scale commissions schedule for eligible equity and option trades in a brokerage account<sup>2</sup>
- Complete investment access—enjoy a full array of brokerage investments, including our capital markets products such as structured investments and Strategic Equity Portfolios (“STEPS”)<sup>3</sup>
- Flexibility —hold all investment products in one account. Group with other eligible accounts to lower trading costs<sup>4</sup>
- Monthly billing—pay commissions on Choice Select trades at the end of a month and gain greater control over cash flow
- Convenient tax reporting—monthly commissions are automatically applied to each eligible transaction for simplified gain/loss and year-end tax reporting<sup>5</sup>
- Online trading — place trades anytime with Morgan Stanley Online

1 - Options are not suitable for all investors.

2- Choice Select commissions are calculated and charged monthly in arrears based upon the Principal Volume (“PV”) of the eligible equity and option transactions executed in the brokerage account, according to the declining marginal commission schedule detailed below. “Principal Volume” means the total purchase or sale price of securities, net of any fees. It is the price of the security the program participant is buying, selling or shorting multiplied by the quantity. Monthly commissions replace the commissions that would otherwise be charged on a trade-by-trade basis in the brokerage account.

Principal Volume Tier	Marginal Rate
\$0*–\$199,999	2.25%
\$200,000–\$299,999	2.15%
\$300,000–\$399,999	2.05%
\$400,000–\$499,999	1.85%
\$500,000–\$599,999	1.75%
\$600,000–\$699,999	1.65%
\$700,000–\$799,999	1.55%
\$800,000–\$899,999	1.45%
\$900,000–\$999,999	1.35%
\$1,000,000–\$1,999,999	1.00%
\$2,000,000–\$3,999,999	0.85%
\$4,000,000+	0.60%

3 - Investments in structured products involve risks, including but not limited to, price and yield fluctuations, loss of principal and limited liquidity. Strategic Equity Portfolios are structured and monitored on an ongoing basis by members of the STEP Portfolio Strategy Team and may be purchased in a single transaction as individual stocks. The decision to follow the recommendations is always the investors' to make, in accordance with their individual needs and goals. Please contact your Financial Advisor or Private Wealth Advisor to discuss STEPs including commissions and whether they are suitable.

4 - Certain brokerage accounts with Choice Select pricing in the same statement account link group are grouped together to aggregate PV and thereby lower the group's commission rates. Please ask your Financial Advisor or Private Wealth Advisor for details.

5 - Morgan Stanley and its Financial Advisors and Private Wealth Advisors do not provide tax or legal advice. Individuals should consult their personal tax and legal advisors before making any tax or legal-related decisions. Choice Select pricing is an alternative way to pay commissions on equity and option transactions in a brokerage account. Any investment advice is solely incidental to Morgan Stanley's business as a broker-dealer. Program participants do not pay for, nor do they receive, a level of advice different from that provided to other full-service brokerage clients who pay on a per-trade basis.

Note (\*): If no Choice Select eligible equity or option trades are placed during the month, then no Choice Select commissions are charged for the month. Choice Select pricing follows an annual schedule based on the program participant's Choice Select anniversary date. As the program participant trades throughout the year, their PV grows and their marginal commission rate declines. On the day after the program participant's Choice Select anniversary date, their PV resets to zero and the cycle begins again. Choice Select pricing applies only to eligible equity and option transactions. All other transactions (e.g., fixed income and mutual funds) are subject to loads, mark-ups/mark-downs and/or other applicable fees. Effective June 1, 2010, Choice Select commissions will be capped at 3% above standard trade-by-trade commissions (the "Cap Commission"). This means that program participants will be charged the lesser of the Choice Select commission or the Cap Commission for all Choice Select eligible trades each month. This policy applies on an individual account basis, even if the account is part of a Choice Select group (including qualified plan groups).

## J. Electronic Communication Networks

Morgan Stanley Smith Barney LLC (“Morgan Stanley”), in certain circumstances, can receive revenue regarding the use of various Electronic Communication Networks (“ECNs”). An ECN is an alternative trading system that facilitates trading of financial products outside of traditional stock exchanges. This allows Morgan Stanley to execute trades much faster and more precisely through direct access trading with market specialists. The following table reflects the various ECNs and circumstances in which Morgan Stanley can either receive a credit or incur an expense from interactions with a particular ECN. Please note that this table is updated on a regular basis (currently, on a monthly basis). The applicable brokerage agreement which governs your Morgan Stanley account(s) (the form of which has been provided to you) contains further information about ECNs and the potential revenue received by Morgan Stanley in connection therewith (in the section regarding “Payment for Order Flow and ECNs and ATSs”).

**Note:** The negative numbers refer to circumstances in which the firm would receive a credit. However, these rates cannot be applied to a specific plan.

		Electronic Trading Rate Matrix													
		ARCA <sup>1</sup>	BATS <sup>2</sup>	NYSE-DOT <sup>3</sup>	NASDAQ/Isld <sup>4</sup>	Direct Edge EDGX <sup>5</sup>	Direct Edge EDGA <sup>5</sup>	NSX <sup>6</sup>	LavaFLOW <sup>7</sup>	Amex/Nysa <sup>8</sup>	Chicago/CHX <sup>9</sup>	CBOE/CBSX <sup>10</sup>	BX/Bosx <sup>11</sup>	PSX/Nqpx <sup>12</sup>	BYX/Byxx <sup>13</sup>
Tape C (NASDAQ)	Taking	0.300	0.290	0.250	0.300	0.300	(0.0200)	0.3000	0.3000	0.3000	0.3000	(0.1500)	(0.1400)	0.2800	(0.0200)
	Providing	(0.300)	(0.290)	(0.180)	(0.305)	(0.320)	0.0500	(0.2600)	(0.2400)	(0.2500)	(0.2500)	0.1800	0.1800	(0.2600)	0.0200
	Routing	0.300	0.290	0.300	0.300	0.290	0.290	0.2900	0.290	0.3000	0.2900	0.300	0.300	0.2800	0.280
Tape A (NYSE)	Taking	0.300	0.290	0.250	0.300	0.300	(0.0200)	0.3000	0.3000	0.2800	0.3000	(0.1500)	(0.1400)	0.2800	(0.0200)
	Providing	(0.300)	(0.290)	(0.180)	(0.305)	(0.320)	0.0500	(0.2600)	(0.2400)	(0.1600)	(0.2500)	0.1800	0.1800	(0.2600)	0.0200
	Routing	0.300	0.290	0.300	0.300	0.290	0.290	0.2900	0.290	0.3000	0.2900	0.300	0.300	0.2800	0.280
Tape B (AMEX & Other)	Taking	0.280	0.290	0.250	0.300	0.300	(0.0200)	0.3000	0.3000	0.2800	0.3000	(0.1500)	(0.1400)	0.2800	(0.0200)
	Providing	(0.230)	(0.290)	(0.180)	(0.305)	(0.320)	0.0500	(0.300)	(0.2400)	(0.1600)	(0.2500)	0.1800	0.1800	(0.2600)	0.0200
	Routing	0.300	0.290	0.300	0.300	0.290	0.290	0.2900	0.290	0.3000	0.3000	0.300	0.300	0.0025	0.280
Hidden/Non Displayed	Taking	0.300	rates above	N/A	rates above	rates above	0.003	0.000	rates above	N/A	N/A	N/A	N/A	N/A	rates above
	Providing	(0.150)	(0.170)	N/A	(0.100)	(0.150)	0.003	0.000	(0.200)	N/A	N/A	N/A	0.250	-0.1/-0.05	0.1000
	Routing	rates above	rates above	N/A	rates above	rates above	rates above	rates above	rates above	N/A	N/A	N/A	N/A	N/A	rates above

 Represents Best Rates

\* All rates quoted per 100 shares

## 1) Arca Footnotes

- Rates not guaranteed
- (Tape A) Routed to the NYSE: \$0.23
- Opening Auction Rate: \$.05 (\$10,000 monthly cap)
- MOC/LOC \$0.10
- <\$1 Providing (all exchanges) 0
- <\$1 Taking (all exchanges) : 0.3% of Notional Amount
- <\$1 Routed (all exchanges) : 0.3% of Notional Amount

## 2) Bats Footnotes

- Rates not guaranteed
- No rebate for securities <\$1
- Taking for securities <\$1 .10% of notional
- Routing for securities <\$1 .29% of notional
- Directed ISO's: \$0.33 charge
- Routing through DART: \$0.20
- \$0.02 additional rebate for adding displayed liquidity that sets the NBBO
- No rebate for non-displayed/displayed orders that receive price improvement
- Bats routed to Nasdaq \$.29
- Bats routed to Arca Tape A & C \$.29
- Bats routed to Arca Tape B \$.27

## 3) NYSE/DOT Footnotes

- Agency Cross Trades 10,000 or more: Free
- Opening Auction Rate: \$.05 (\$15,000 monthly cap)
- MOC/LOC \$.055
- NYSE MatchPoint: \$0.15

## 4) NASDAQ Footnotes

- Rates not guaranteed
- New MOC-LOC tier introduced potentially reducing take rate to 29 mils
- The decreased take rate for designated securities is removed.
- New NBBO liquidity flags yields an additional rebate of \$0.02 or \$0.05 depending on MS' QMM status
- If MS qualifies for QMM status, the following rates will apply:  
the QMM additional mid-point rebate has been removed; taking fees will be reduced to 28 mils, up to 20 mm shares/day
- Rebate for Tape AB&C Non-Displayed orders: \$0.15
- Stocks <\$1 providing 0; 0.3% notional taking and 0.3% notional routing
- Directed Orders excluding NYSE & BX: \$0.35
- Routed to BX: \$-.14
- Routed to PSX: \$.19 Tape A, otherwise \$.27
- Routed to NYSE, Tape A securities: \$.25
- Routed to NYSE, other tapes: \$.22
- Routed to NYSE, providing: \$-.15
- MOPP/directed ISO: \$.27
- Non-ISO ISNY: \$.26
- Routed NYSE Open Auction: \$.05
- Routed NYSE Closing Auction: \$.085
- MOC/LOC \$0.10; internalized \$0.01
- Passthrough Fees (NYSE Re-Routes): \$.3
- Non-Displayed Midpoint provide -0.17
- Supplemental liquidity -0.15

## 5) Direct Edge Footnotes

- Rates not guaranteed
- Routing to BX, removing, now yields a \$-.10 rebate (Edge A) and \$-.04 (Edge X)
- Midpoint Match Cross on Edge X is \$0.12
- Routed to NYSE: removing from the NYSE is \$0.25, Adding on the NYSE is \$-.15.
- Re-routed out of the NYSE: \$0.3
- Routed to EDGX: \$0.29
- Tape A&C routed to NYSE/Arca: \$0.30
- Routed Directed ISOs: \$0.32
- Routed to Nasdaq Opening Cross: \$0.05
- EDGX <\$1: .003 providing, .3% of notional for removing, .3% of notional for routing
- EDGA routing to BYX using ROUC, ROUE, ROBY, ROBB, or ROCO: \$-.05
- Routed to BYX: Adding: .07
- <\$1 routing to NASDAQ .20% notional; routing to BX .10% notional Tapes A&C

## 6) NSX Footnotes

- Stocks <\$1: Adding -.25% notional , Taking & Routing .30% notional
- Stocks <\$1: Adding Non Displayed free
- Midpoint peg zero trades now yield a \$0.17 rebate
- Hidden order is now 17 mils rebate

## 7) Lava Flow

- Rates not guaranteed
- No rebate for price <\$1; taking notional \*.0020; routing notional \*.0030
- Routing to NYSE \$.22

## 8) Alternext (Amex)

- Agency cross trades <10,000 shares \$.05
- No rebate for price <\$1; taking notional \*.25% ; routing notional \*.30% (Tape C .29%)
- Market/Limit at the close for <\$1 \$.085 per share
- Opening Auction \$0.05 with \$15K cap for month

## 9) Chicago

- Rates not guaranteed
- Taking for price <\$1 .30% notional; providing <\$1 -.00009
- Odd Lots .004/share
- .0003/share routing to NYSE

## 10) CBSX

- Pricing <\$1 notional \* 0.03% take/route
- Pricing <\$1 providing free

## 11) BX

- <\$1 No rebate to add; taking notional \*.10%
- Routing to NYSE via BSTG, BSCN, and BTFY: 0.25
- Routing to NYSE via BMOP: 0.27
- Midpoint liquidity fee is now 0.15
- Adding other non-displayed liquidity on BX is now .25

## 12) PSX

- Rates not guaranteed
- <\$1 No rebate to add; taking notional \*.20%
- Routing to Nasdaq via PSTG, PSCN, PTFY, PCRT: \$.28
- Routing to Nasdaq via PMOP: \$.31
- Routing to BX via PSTG, PSCN, PTFY, PCRT: \$-.14 rebate
- Routing to BX via PMOP: \$.31
- Routing to NYSE via PSTG, PSCN: \$.25
- Routing to NYSE via PTFY: \$.24
- Routing to NYSE via PMOP: \$.27
- Routing to others via PSTG, PSCN: \$.28
- Routing to others via PTFY: \$.05
- Routing to others via PMOP: \$.31

## 13) BYX

- <\$1 No rebate to add; taking notional \*.10%, routing 0.26%
- Directed ISO's: \$0.33 charge
- \$0.30 for hidden/displayed orders that add liquidity and receive price improvement
- Routing to Edga via TRIM: \$-.03
- Routing to Edga: \$-.04 Rebate

		CANADIAN EXCHANGES						
		Chi-X <sup>1</sup>	CX <sup>2</sup> <sup>9</sup>	TSX <sup>2</sup>	Alpha <sup>3</sup>	Pure <sup>4</sup>	Omega <sup>5</sup>	TMX Select <sup>6</sup>
TSX >\$1	Taking	0.2900	(0.0010)	0.3500	0.2800	0.2500	(0.1400)	(0.0005)
	Providing	(0.2500)	0.0014	(0.3100)	(0.2500)	(0.2000)	0.1900	0.0009
	Hidden	(0.2000)	See footnotes	0.0000	0.0000	0.0000	0.0000	0.0000
	Taking	0.2400	(0.0010)	0.3500	0.2500	0.2500	(0.1400)	(0.0005)
	Providing	(0.2100)	0.0014	(0.3100)	(0.2100)	(0.2000)	0.1900	0.0009
	Hidden	(0.2000)	See footnotes	0.0000	0.0000	0.0000	0.0000	0.0000
Venture Listed >\$1	Taking	(0.0400)	(0.0010)	0.3500	0.2800	0.2500	(0.1400)	(0.0005)
	Providing	0.0800	0.0014	(0.3100)	(0.2500)	(0.2000)	0.1900	0.0009
	Hidden	0.0000	See footnotes	0.0000	0.0000	0.0000	0.0000	0.0000
	Taking	0.0100	(0.0006)	0.0200	0.0300	0.0400	(0.0700)	(0.0005)
	Providing	0.0000	0.0010	0.0100	(0.0200)	(0.0100)	0.1000	0.0008
	Hidden	0.0000	See footnotes	0.0000	0.0000	0.0000	0.0000	0.0000

\* All rates quoted per 100 shares

### 1) CHI-X Footnotes

- <\$1 for Venture provide fee 0.08/take rebate -0.06
- Custom Routing 0.02

### 2) TSX Footnotes

- Iceberg orders rebate -0.02 on undisclosed portion
- Open 0.30 per trade; \$30 max side
- MOC 0.30 per trade; \$30 max side
- Odd Lot >\$1 0.39; <\$1 0.10
- Traded against passive Dark >\$1 0.10
- Traded against passive Dark <\$1 0.01

### 3) Alpha Footnotes

- Rates above for >\$5
- Btwn =\$1 & <\$5 Take 0.25 Non ETFs
- Btwn =\$1 & <\$5 Provide -0.21 Non ETFs
- Odd Lot <\$1 0.03
- Odd Lot >\$1 0.25
- Odd Lot >\$5 0.28 Non ETFs
- Open, Close, Halt 0

## K. Precious Metals Storage and Delivery Fee Schedule

After Morgan Stanley Smith Barney LLC (“Morgan Stanley”) executes a non - Futures transaction relating to precious metals, delivery and storage may be necessary for these commodities. Refer to the fee schedules below for the rates associated with the specific precious metals.

Furthermore, the delivery fee information below is for insured mail delivery only. The fees for other methods of delivery will vary according to quantity, value, metal and destination. Please ask your Financial Advisor or Private Wealth Advisor for more information.

**Inspection Fee:** A \$25 inspection fee will be charged for any metal that is shipped to our storage facility.

### a) Bullion and Loco London

Precious Metal	Size(s)/Increments	Minimum Purchase	Delivery Charges
Gold, Silver, Platinum and Palladium	1 oz. Bullion or Loco London	\$5,000	Cannot be delivered

### b) Bars

Precious Metal	Size(s)/Increments	Minimum Purchase	Delivery Charges
Gold	1 and 10 oz.	\$5,000	\$100 per 20 oz., \$3.50 per oz. thereafter
	1 kilo (32.15 oz.)		\$100 per bar
	100/400 oz.		\$300 per bar
Silver	1 and 10 oz.	\$5,000	\$50 per 100 oz., \$0.25 per oz. thereafter
	100 oz.		\$50 per bar
	1,000 oz.		\$150 per bar
Platinum	1 oz.	\$5,000	\$100 per 20 oz., \$3.50 per oz. thereafter
	10 oz.		
	50 oz. (plate)		
Palladium	1 and 10 oz.	\$5,000	\$100 per 20 oz., \$3.50 per oz. thereafter
	100 oz.		\$300 per bar

### c) Coins

Precious Metal	Size(s)/Increments	Minimum Purchase	Delivery Charges	Available Coins
Gold	1/10 oz.	\$5,000	First 20 oz* \$100 \$3.50 per oz. thereafter	American Gold Eagle; American Gold Buffalo Canadian Gold Maple Leaf South African Gold Krugerrand (1oz. only) Australian Gold Kangaroo; Australian Gold Nugget Austrian Philharmonic
	1/4 oz.			
	1/2 oz.			
	1 oz.			
Silver Coins	1 oz. only	\$5,000	\$125 for first 300 coins, \$0.25 per coin thereafter	American Silver Eagle Canadian Silver Maple Leaf
Silver Bags	295 oz.	\$5,000	\$125 per bag	90% Silver Coin bags (715oz.) 40% Silver Coin bags (295oz.)
	715 oz.			
Platinum	1/10 oz.	\$5,000	First 20 oz* \$100 \$3.50 per oz. thereafter	American Gold Eagle Canadian Gold Maple Leaf Australian Koala Isle of Man Noble
	1/4 oz.			
	1/2 oz.			
	1 oz.			
Palladium	1 oz.	\$5,000	First 20 oz* \$100 \$3.50 per oz. thereafter	Canadian Gold Maple Leaf

Note (\*): bps = Basis points.

Storage Charge Rates:

Client Holdings		Storage Charge Rate	
Minimum (MM)	Maximum (MM) (non-inclusive)	Allocated (bps) (Bullion and Loco London)	Un-Allocated (bps) (Bars & Coins)
-	1	60	30
1	5	45	30
5	-	30	20

## **L. House holding Definition & Guidelines**

### **1) General Rules**

Beginning April 1, 2010, the eligible relationships for house holding were narrowed to allow only accounts of the following people to be grouped together to comprise a household:

#### **a) Eligible Household Relationships**

- |                                    |                 |   |
|------------------------------------|-----------------|---|
| • Self (same as head of household) | • Parent        | • Daughter-in-Law   |
| • Spouse                           | • Parent-in-Law | • Grandparent   |
| • Son                              | • Grandchild    | • Grandparent-in-Law  |
| • Daughter                         | • Son-in-Law    | • Domestic Partner (requires the same address as head of household) |

Note: Eligible relationships are relative to Head of Household.

#### **b) Ineligible Household Relationships**

The following relationships are no longer allowed within a household:

- Aunts
- Uncles
- Nieces
- Nephews
- Siblings (including Siblings In Law)

#### **c) Grandfathering Existing Households**

Please note that existing legacy Morgan Stanley households were grandfathered in 2010. This means that existing households that include members with one of the ineligible relationship types above can continue to be eligible for the household, and can continue to add new, eligible accounts to the household for the member that is already in the household. However, going forward, Financial Advisors and Private Wealth Advisors will no longer be able to add new members with ineligible household relationship types to new or existing households.

## 2) **Rules for Qualified Plan Accounts**

Because of “prohibited transaction” restrictions set forth by the Employee Retirement Income Security Act (“ERISA”) and the Internal Revenue Code, there are certain types of accounts that are considered not eligible to be grouped within a personal household. These laws prohibit the use of employee benefit plan assets to benefit any individual who is the sponsoring employer or an employee covered by the plan (other than paying the retirement benefits provided under the plan). Therefore, plan assets generally cannot be used for some other personal benefit, like house holding. However, the U.S. Department of Labour has issued a prohibited transaction class exemption allowing house holding for certain retirement accounts not covered by ERISA, such as IRAs, Roth IRAs, SIMPLE IRAs (but not SIMPLE 401(k)s), and Keogh plans (e.g., owner and/or spouse only plans).

VIP/Prototypes & RPM/ERISAs are eligible for service fee waivers and the other benefits of the Reserved (e.g., research) and Standard Fee Cap program but are not eligible for annual account fee waivers unless the plan covers only the owner and/or spouse (i.e., it’s not covered by ERISA). If the plan only covers the owner and/or spouse they are also eligible for house holding with personal accounts of the plan owner. If the plan covers one or more employees, the accounts can only be householder with other accounts of the same plan. All such accounts must have the same EIN and DOL number.

Employee Benefit Trusts (“EBTs”) are eligible for account and service fee waivers and the other benefits of the Reserved (e.g., research) and Standard Fee Cap program. They are also eligible for house holding with personal accounts of the plan owner if the plan only covers the owner and/or spouse (i.e., it’s not covered by ERISA). If the plan covers individuals other than the owner and/or spouse, the accounts can only be householder with other accounts of the same plan, but not with personal accounts.

Should you have any questions regarding the house holding of your plan’s account(s), please contact your Financial Advisor or Private Wealth Advisor.

## **M. Payments from Other Service Providers**

Other service providers (including companies that sponsor investment options made available to qualified retirement plans through Morgan Stanley Smith Barney LLC (“Morgan Stanley”)) may participate in Morgan Stanley-sponsored internal training and education conferences and meetings, and may make payments to, or for the benefit of, Morgan Stanley or its Financial Advisors or Private Wealth Advisors to reimburse for the expenses incurred for these events. Morgan Stanley provides sponsorship opportunities and access to our branch offices and Financial Advisors and Private Wealth Advisors to such third party service providers for educational, marketing and other promotional efforts. Certain service providers (referred to as either “Emerging Partners” or “Global Partners” and, collectively, as “Partners”) dedicate significant financial and staffing resources to these activities. Partners may receive additional opportunities to sponsor Morgan Stanley events and promote their products to Financial Advisors, Private Wealth Advisors and clients. Morgan Stanley selects service providers to be Partners based on quantitative and qualitative criteria. Any payments made by other service providers could lead Financial Advisors and Private Wealth Advisors to focus on products managed by these providers (including in particular our Partners) when recommending products to clients instead of those from other service providers that do not commit similar resources to educational, marketing and other promotional efforts.

In 2012, when viewed in relation to total Morgan Stanley client assets of in excess of \$1.6 trillion, the payment made by each such service provider (including both those that qualify as Partners and those that do not) equalled an amount of not more than 47/10,000 of one basis point (otherwise expressed, 47/1,000,000 of one percent). We do not believe that such payments were made in connection with retirement plan business specifically, and were certainly not made in connection with any particular retirement plan, but, for perspective, the amount of retirement plan assets included in the total Morgan Stanley client asset number set forth above is approximately \$126 billion. In 2012, such service providers included the following financial institutions:

Alliance Bernstein Investments	Jackson National Life Insurance Company
American Century	Janus Capital Group
American Funds	John Hancock
AMG – Managers Investment Group & Affiliates	JPMorgan Asset Management
AQR	Lazard Asset Management
Axa Equitable	Legg Mason Global Asset Management
BlackRock	Lincoln Life & Annuity
Brandes	Lord Abbett
Columbia Management	Metropolitan Life Insurance Company
Congress Asset Management	Morgan Stanley Investment Management
Davis Selected Advisors	Nationwide Life & Annuity
Delaware Investments	Neuberger Berman Group
Dreyfus/BNY Mellon/Fayez	New York Life/Mainstay/Epoch/Marketfield
DWS	Nuveen Investments
Eaton Vance Investment Managers	Ohio National Life Insurance Company
Federated/MDT	Pacific Life & Annuity Co.
Fidelity	Pioneer Investments
First Trust/ Stonebridge	PIMCO Investments

Forward	Principal Global Investors
Franklin Templeton Investments	Prudential Investments
Genworth Life & Annuity	Prudential Annuities Life
Goldman Sachs Asset Management	Putnam Investments
Guggenheim Funds	RS Funds
The Hartford	State Street Global Advisors
The Hartford Life and Annuity	SunAmerica Annuity & Life
ING Investment Management	T. Rowe Price
Invesco Distributors	Thornburg Investments
iShares (an affiliate of BlackRock)	TransAmerica Financial Life
Ivy Funds Distributor	Western National Life Insurance Company

Other providers may have made similar payments. On request, your Financial Advisor or Private Wealth Advisor can provide you with additional detail on these payments and inform you if they have attended and/or plan to attend the Morgan Stanley-sponsored conferences/meetings. Furthermore, we believe that payments will be made by a similar list of institutions during 2013 and thereafter. On request, your Financial Advisor or Private Wealth Advisor can provide you with additional detail on whether a provider makes such payments during a particular year, and the amount of such payments.

Other service providers may also sponsor their own educational conferences and pay expenses of Financial Advisors or Private Wealth Advisors attending these events. Morgan Stanley's policies require that the training or educational portion of these conferences comprises substantially all of the event. Such service providers may sponsor educational meetings or seminars in which clients as well as Financial Advisors and Private Wealth Advisors are invited to participate. Other service providers are also allowed to occasionally give nominal gifts to Financial Advisors or Private Wealth Advisors, and to occasionally entertain Financial Advisors or Private Wealth Advisors, subject to a limit of \$1,000 per employee per year. Morgan Stanley's non-cash compensation policies set conditions for each of these types of payments, and do not permit any gifts or entertainment conditioned on achieving a sales target. On request, your Financial Advisor or Private Wealth Advisor can provide you with an annual estimate of the aggregate value of gifts or entertainment that service providers pay or provide to Morgan Stanley or particular Financial Advisors or Private Wealth Advisors. You should, of course, also feel free to ask your Financial Advisor or Private Wealth Advisor if they have attended any events sponsored by other service providers and/or plan to do so in the future.

We address conflicts of interest by ensuring that any payments described in this "Payments from Other Service Providers" section do not relate to any particular transactions or investment made by Morgan Stanley clients with service providers. Service providers participating in programs described in this document are not required to make any of these types of payments. The payments described in this section comply with FINRA rules relating to such activities.

## **N. Short Interest Program Fee (or “Rebate”)**

Morgan Stanley Smith Barney LLC (“Morgan Stanley”) account holders with short stock positions are automatically enrolled in the Short Interest Program; no documentation is required. When the account holder sells a security short, Morgan Stanley must borrow the security to complete the transaction. Under the Short Interest Program, Morgan Stanley may receive compensation from the interest earned on the cash collateral for the service of facilitating the transaction/borrowing the security. More specifically, when Morgan Stanley borrows the security, pursuant to the Global Master Securities Lending Agreement (the “Agreement”) we have entered into with the lender, we generally provide 102% of the short market value in cash to the lender as collateral. Depending on the interest rate environment and the demand for the security (e.g., when the stock is hard to borrow), the lender may pay compensation under the Agreement to Morgan Stanley, known as a “rebate,” which Morgan Stanley will share with the short seller. Morgan Stanley takes a 50 basis point spread. For example, if Morgan Stanley receives 4% from the lender in connection with the borrowing of the security, we will pay the account holder 3.5%. In certain low interest rate environments there will be no rebate and the short seller will bear the full cost to borrow the security. This will result in the short seller paying Morgan Stanley a rebate to carry the short sale transaction. The rebate will be directly charged or credited, as applicable, to the short seller’s account on a monthly basis. The rebate rate may fluctuate over the duration of the short transaction due to market conditions. Please contact your Financial Advisor or Private Wealth Advisor for more information with respect to any particular transaction and the amount that Morgan Stanley will receive or has received in the form of a rebate.

For example: The short seller initially shorts 200 shares of ABC Corp. at \$10 per share, and eventually covers 200 shares at \$7.50 per share to close out the position. Morgan Stanley will borrow 200 shares of ABC Corp. from a lender and advance the lender \$2040 (cost of stock = \$2000 x 102%) as collateral. The short rebate, which is determined by the interest rate environment and the demand for the security (for the purposes of this example, an assumed rate of 1.5% earned on short sale proceeds will be used), will equal \$30.60 ( $\$2040 \times 1.5\% = \$30.60$ ). Morgan Stanley will collect this amount from the lender, retain its 50 basis point share of such amount (\$10.20), and then share the remainder (\$20.40) with the short seller.

## **O. TRAK Fund Solution Program Servicing Fee(s)**

Morgan Stanley Smith Barney LLC (“Morgan Stanley”) receives shareholder servicing, 12b-1 or other fees from all the fund companies in the TRAK Fund Solution Program (formerly known as the TRAK NAV Program) (or their affiliates) (“Servicing Fees”), which are offset against the program fees due from clients in the manner described in the TRAK Fund Solution Program agreement and descriptive brochure. The Servicing Fees that Morgan Stanley receives from the funds and/or their sponsors, investment advisers or other service providers are at an annual rate generally equal to 0.25% of the average daily net asset value of account assets invested in the funds.

## **P. Interest Earned on Cash Held in Futures Accounts**

In addition to the fees, commissions and margin charges otherwise described in your client agreement, Morgan Stanley Smith Barney LLC or its affiliates may retain additional compensation related to any interest earned on funds deposited with Morgan Stanley Smith Barney LLC in connection with futures accounts (similar, but not identical to, the compensation described as "float" in connection with Morgan Stanley's brokerage accounts). In addition, Morgan Stanley Smith Barney LLC maintains additional funds in its customer segregated funds account in order to ensure that customer segregation requirements are always satisfied, and may net the carrying costs of us or our affiliates with respect to such additional amounts prior to calculating any interest amounts payable to clients. The amount of Morgan Stanley Smith Barney LLC's retention may be individually negotiated between you and your Financial Advisor or Private Wealth Advisor, and you should speak with him or her directly to determine such amounts.