

**ORDER EXECUTION POLICY DISCLOSURE STATEMENT
(PROFESSIONAL CLIENTS)
MORGAN STANLEY, S.V., S.A.U**

1 Background

The requirement to provide our clients with this Disclosure Statement forms an essential part of the structural changes being made to the marketplace by the implementation of the Markets in Financial Instruments Directive (“MiFID”). It is also a key component in Morgan Stanley’s ongoing effort to provide transparency to our clients on our business practices.

Following the implementation of MiFID, Morgan Stanley will, as it has always done, endeavour to provide clients with a competitive global and multi-asset class execution capability of the highest quality, designed to deliver efficient execution services in a cost effective manner. Morgan Stanley operates in the context of an ever changing financial services industry with fast evolving market places. Our primary objective in handling your orders will be to deliver the highest quality executions reasonably available under the circumstances and within the context of applicable markets, seeking to balance often conflicting considerations with a view to providing clients with the best possible result on a consistent basis.

Information about the order execution policy that applies to Morgan Stanley S.V, S.A.U is set out below. This document applies to clients that we have classified as professional clients. Unless otherwise agreed, we will not owe best execution to clients classified as eligible counterparties, although the duty to identify and manage any conflicts of interests will nevertheless apply. This document does not apply to retail clients. This document only applies with respect to financial instruments as defined by MiFID. Morgan Stanley S.V, S.A.U. is an affiliate of Morgan Stanley & Co. International Plc and Morgan Stanley Bank International Limited (together “Morgan Stanley”).

In addition to the order execution policy that applies to Morgan Stanley S.V, S.A.U that is set out below, an order execution policy that extends to all relevant branches of Morgan Stanley and associated firms regulated within the European Economic Area in respect of Morgan Stanley’s retail and institutional securities businesses is available at <https://www.morganstanley.com/disclosures>.

2 Part One: The quality of execution

When executing orders on your behalf in relation to financial instruments as defined by MiFID, we will take all sufficient steps to achieve what is called “best execution” of your orders. This means that we have established and implemented policies and procedures, including an order execution policy, that are designed to obtain the best possible result for your orders, subject to and taking into account any specific instructions from you, the nature of your orders and the nature of the markets and products concerned.

While we will take all sufficient steps based on the resources available to us to satisfy ourselves that we have processes in place that can reasonably be expected to lead to the delivery of the best possible result for our clients, we cannot guarantee that we will always be able to provide best execution of every order executed on your behalf, particularly where you give us specific instructions as to all or part of your order.

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

3 Part Two: Overview of Order Execution Policy

3.1 “Order”

We owe a duty of best execution when we execute orders on your behalf. We will also owe best execution when we are transmitting orders on your behalf to a third party broker (including an affiliate) for execution. We consider ourselves to be typically in receipt of an order and acting on your behalf where an execution instruction is given to us that gives rise to contractual or agency obligations owed by us to you. We believe this to be the case where we exercise our discretion in relation to the execution of your order. We therefore do not consider that we execute orders on your behalf in those situations where you will not generally be legitimately relying on us in relation to the execution of your orders, this includes, but is not limited to, the following situations:

- (i) where we will be trading with you as principal “on risk”, in a market where the usual practice of clients is to ask several dealers for quotes, and where your access to prices in the market means you are able to, and do, assess our quotes against those provided by other dealers;

- (ii) where you approach us for a 'request for quote' i.e. when you contact us and ask us to provide you with a quote for a particular security.

In the above situations, whilst we will not owe you a duty of best execution, we will however still be required to treat you fairly and also to manage any conflicts of interests that may arise.

3.2 "Specific Instruction"

Where you provide us with a specific instruction in relation to your entire order, or any particular aspect of your order, including selecting to execute on a particular venue, then, subject to our legal and regulatory obligations, we will execute your order in accordance with your specific instruction. For instance, we will deem the receipt of orders via Direct Market Access systems where you have selected the execution venue as a "specific instruction" to execute your order on that venue. However, please note that if you provide us with a specific instruction, this may prevent us from taking steps designed and implemented to obtain the best possible result for the execution of those orders. It also means that to the extent of the specific instruction or instructions, our obligation of best execution will be satisfied by executing the order in accordance with your specific instruction. Where your specific instruction covers only a portion of an order (for example, as to the choice of venue), and we have discretion over the execution of other elements of the order, then we will continue to owe an obligation of best execution in respect of the elements of the order that are not covered by the specific instruction. Therefore, if you require your order to be executed in a particular manner and not in accordance with our order execution policy, you must clearly state your desired method of execution when you place your order. To the extent that your specific instructions are not comprehensive, we will determine any non-specified components in accordance with our order execution policy.

3.3 Execution factors

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

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

3.4 Relative importance of Execution Factors

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

- your characteristics (including your regulatory classification as professional client);
- the characteristics and nature of your order, including any specific instructions received;
- the characteristics of the financial instruments that are the subject of your order;
- the characteristics of the execution venues to which your order can be directed.

Ordinarily, price will merit a high relative importance in obtaining the best possible result for professional clients. In our experience, the next most important factor after price is typically liquidity of the market.

However, in certain circumstances, for some client orders, financial instruments or markets, we, in our absolute discretion, may decide that other factors may be more important in determining the best possible execution result in accordance with our order execution policy.

3.5 Execution venues

- Regulated Markets

In meeting the best execution obligation to take all sufficient steps to obtain on a consistent basis the best possible result for the execution, Morgan Stanley will select an execution venue based primarily on the availability of best pricing for particular instruments and the amount of accessible liquidity offered by the venue. In the execution of client orders, Morgan Stanley employs smart order routing technology to

efficiently access liquidity. This technology is subject to review and monitoring as part of our overall best execution governance program.

The use of smart order routing technology will generally lead Morgan Stanley to channel domestic equity and warrant execution orders to a single execution venue: the regulated market of the Madrid Stock Exchange, of which Morgan Stanley is a member. This election is based primarily on the availability of best pricing for the aforementioned instruments and the amount of accessible liquidity offered by said venue. Additional factors considered in the selection are the overall technical and operational offering of the venue – including connectivity, speed of execution, reliability, rule set and membership and clearing requirements, as well as the costs of accessing the venue. The election of the regulated market of the Madrid Stock Exchange as the sole execution venue in which Morgan Stanley generally places significant reliance when executing client orders is based on its reasonable expectation that said venue allows it to obtain on a consistent basis the best possible result for the execution.

Morgan Stanley could, however, not connect to the regulated market of the Madrid Stock Exchange when such election may not lead to the best possible result for client executions taking into consideration the aforementioned factors. In this regard, see “Orders executed outside a trading venue” below.

- **Selected Intermediaries**

MSSV has selected its parent company, Morgan Stanley & Co. International Plc (“MSI Plc”), as the sole intermediary for the execution of client orders for every class of Financial Instruments.

MSI Plc is authorised as an investment firm by the Financial Conduct Authority and is therefore obligated to comply with best execution standards.

Our selection is based on the following factors:

- MSSV only provides the investment service of reception and transmission of orders to clients who have an existing relationship with MSI Plc and who have received a copy of MSI Plc’s order execution policy;
- the high best execution standards maintained by MSI Plc, which are consistent with our own policies. In respect of professional clients, the execution factors used by MSI Plc are ranked by each business unit and product traded, depending on the type of Financial Instruments in relation to which the orders are made (equities, derivatives, etc.);
- the financial solidity and excellent market connectivity of MSI Plc, which provides access to many regulated markets, multilateral trading facilities and organised trading facilities and may execute some client orders as a systematic internaliser;
- the synergies between our electronic systems and those used by MSI Plc, which ensure the rationalisation of flows and offer secured procedures and operational efficiency; and
- the stable and competitive costs applied by MIS Plc for executing client orders.

In light of the above, we believe the execution of client orders by MSI Plc will enable us to obtain the best possible result for our clients on a consistent basis.

MSI Plc will always execute the clients’ orders in accordance with its order execution policy (even if the clients’ orders are transmitted to MSI Plc by MSSV). Upon reasonable request, we can provide you with further information regarding MSI Plc, including a copy of its order execution policy which, in any case and as already stated, is available at <https://www.morganstanley.com/disclosures>

- **Orders executed outside a trading venue**

MSSV (or any other entity selected by MSSV) may execute your orders outside a regulated market, a multilateral trading facility or an organised trading facility, whenever this is justified to provide you with the best quality of execution services. You may be exposed to a greater risk of a default of the counterparty with whom the transaction is entered into. Upon your reasonable request, we can provide you with further information on the consequences of your orders being executed outside a regulated market, a multilateral trading facility or an organised trading facility.

4 Part Three: Client consent and substantial modifications to the Order Execution Policy

4.1 Implementation Plan (where applicable)

By trading with us, you will be deemed to have accepted and consented to this “Order Execution Policy Disclosure Statement”.

Additionally, MiFID requires us to obtain your prior express consent to two order handling requirements; (i) to execute outside a Regulated Market, Multilateral Trading Facility or an Organised Trading Facility, and (ii) not to publish your unexecuted limit orders (in shares) except when it would be most beneficial to you to do so. To ensure we are able to obtain the necessary flexibility from you to achieve the best result, we request you consent to the points below and return the form to your client coverage person. Please be aware that providing consent through the form below will not limit your ability to withdraw this consent or to provide alternative instructions to us on an order by order basis. If you provide consent it will enable us to access a wider range of execution venues and alternative sources of liquidity. There are other consequences of executing outside a Regulated Market, Multilateral Trading Facility or an Organised Trading Facility, including counterparty risk. You are able to request additional information from us about the consequences of transactions being executed outside a Trading Venue.

Pursuant to your request, Morgan Stanley will assess the execution of your order to confirm that it has been executed in accordance with this execution policy.

Any significant change in policy will be notified to all actual or potential clients by registered letter with acknowledgement of receipt and the policy will be publicly available on the corporate web site.

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Part Four: Governance / review process

The Morgan Stanley's Best Execution Governance Framework monitors the effectiveness of the execution arrangements (including this policy and the scope of the best execution obligation) and assesses on a regular basis, and at least annually, whether the execution venues we have selected provide for the best possible result for client transactions that are subject to best execution.

In accordance with applicable regulations, we review our best selection policy at least on an annual basis and in any case, after the occurrence of a material change that affects MSSV's ability to continue to obtain the best possible result for you. A material change is a significant event that could impact the best execution factors.

When reviewing this policy, MSSV will assess the quality of execution provided to you. This will include, in particular, ensuring that MSI Plc complies with its order execution policy. Pursuant to this review and if necessary, MSSV will work closely with MSI Plc to improve the services provided to you and make any changes when necessary. If MSSV determines that MSI Plc is unable to perform its best execution duties in accordance with applicable regulations, MSSV will transmit your orders to other third parties.

MORGAN STANLEY, S.V., S.A.U (“MSSV”) ORDER HANDLING & EXECUTION CONSENT FORM

*Please complete and sign this Form of Consent in **black ink** and return it to your client coverage person*

This Order Handling & Execution Consent Form should be read in conjunction with MSSV's Order Execution Policy Disclosure Statement as sent to you, copies of which may be obtained from your client coverage person. MSSV is required to obtain your prior consent to their Order Execution Policy Disclosure Statement. By trading with us, you will be deemed to have accepted and consented to this policy. This document and associated Order Execution Policy Disclosure statement have been compiled in accordance with the Markets in Financial Instruments Directive (“MiFID”) (as amended or replaced from time to time).

Execution of Orders Outside a Regulated Market (RM), Multilateral Trading Facility (MTF) or Organised Trading Facility (OTF)

MSSV must obtain from their clients express consent in order to execute orders on their behalf outside a RM, MTF or OTF for any financial instrument which can be traded on a RM, MTF or OTF. Please indicate your preference by placing an X in the relevant box below. Either:

Yes – We consent to MSSV executing our orders outside a RM, MTF or OTF

Or:

No – MSSV should always execute our orders on a RM, MTF or OTF unless otherwise specified

Publication of Unexecuted Limit Orders

Unless you instruct otherwise, MiFID requires MSSV to immediately make public details of any limit orders you place with us in respect of shares admitted to trading on a Regulated Market for orders below a certain size (see table below) that are not immediately executable under prevailing market conditions. Please provide your instruction in respect of the publication of limit orders by placing an X in the relevant box below. Either:

1. We request that MSSV does not make public unexecuted limit orders except in circumstances where they determine that the publication of such orders is undertaken in a manner consistent with their duties of best execution owed to us.

Or:
2. We request that MSSV always immediately displays unexecuted limit orders unless otherwise specified.

Electronic Communications

You consent to MSSV using electronic communications or the MSSV website to communicate further information on the Order Execution Policy and related documentation.

If you do not wish to receive documentation via electronic communications or the MSSV website, please place an X in this box.

Company name to which this consent relates: _____

Signature _____

Name (please print)

Position (please print)

Date (please print)

PUBLICATION OF UNEXECUTED LIMIT ORDERS NORMAL MARKET SIZE ORDERS

The following table is an extract from the EU MiFID Level II, Implementing Regulations text, which identifies those orders that are to be considered as above normal market size – pursuant to this, any orders relating to shares falling below these sizes satisfy the first criteria mentioned in the attached document regarding the rules surrounding the display of limit orders.

Orders Large in Scale Compared with Normal Market Size					
Class in terms of average daily turnover (“ADT”)	ADT< €500 000	€500 000 =ADT< €1 000 000	€1 000 000 =ADT< €25 000 000	€25 000 000 =ADT< €50 000 000	=ADT €50 000 000
Minimum size of order qualifying as large in scale compared with normal size market	€50 000	€100 000	€250 000	€400 000	€500 000