

Bank Deposit Program Disclosure Statement

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Introduction	2	Information about Your Deposit Accounts	10
Program Eligibility	4	Amendments to the Program	11
Deposit Procedures	4	Your Relationship With Morgan Stanley and the Sweep Banks	12
Eligibility and Computation for Deposits to be Sent to Program Banks	5	FDIC Insurance	12
Withdrawal Procedures	6	General Information	12
Interest on the Deposit Accounts	6	Uninsured Amounts	14
Credited Interest Rebalancing at the Sweep Banks	8	Payments Under Adverse Circumstances	14
Fee to Morgan Stanley	8	Questions About FDIC Deposit Insurance Coverage	15
Conflicts of Interest and Benefits to Morgan Stanley, the Morgan Stanley Sweep Banks and Their Affiliates	9	SIPC Insurance	15
Margin	10		

Introduction

In the following disclosure, the words “we,” “us,” “our,” “Morgan Stanley,” “Morgan Stanley Wealth Management” and E*TRADE from Morgan Stanley (“E*TRADE”) refer to Morgan Stanley Smith Barney LLC. E*TRADE is a business of Morgan Stanley Smith Barney LLC. The words “you,” “your,” “yours” and “client” refer to the account owner(s) and/or authorized person(s).

Under the Bank Deposit Program (the “Program”), free credit balances (which generally includes the uninvested cash in your Account minus certain items such as purchase transactions due to settle within a specified time period, other charges to your Account and credit balances that are designated as collateral for your obligations) in any of the following account types (each an “Account,” collectively the “Accounts”):

- Active Assets Account (“AAA”),
- CashPlus Account,
- Basic Securities Account (“BSA”),
- Self-Directed Accounts, including Self-Directed IRA accounts as described below
- Individual Retirement Account (“IRA”), (Includes Traditional IRAs, Roth IRAs, Rollover IRAs, SEP-IRAs, SAR-SEP IRAs, SIMPLE IRAs, and Inherited IRAs.)
- Education Savings Account, commonly referred to as a Coverdell Education Savings Account (“CESA”),
- Business Active Assets Account (“Business AAA”),
- Business Basic Securities Account (“Business BSA”),
- Versatile Investment Program Plan Account (“VIP”), Retirement Plan Manager Account (“RPM”), and Employee Benefit Trust Account (“EBT”) account types used at Morgan Stanley to hold assets in connection with “employee benefit plans”(collectively, for purposes of this Disclosure Statement, referred to as “ERISA Accounts” and collectively with IRAs and CESAs “Retirement Account(s)”), (Employee benefit plans are (a) accounts of employer-sponsored plans subject

to the Employee Retirement Income Security Act of 1974, as amended (“ERISA”), (b) “qualified” retirement plans sponsored by employers that are subject to the qualification rules of the Internal Revenue Code of 1986, as amended (“IRC”) (e.g., single-person plans), and/or (c) retirement programs subject to similar U.S. rules and regulations (e.g., IRC section 403(b) plans or governmental 457(b) plans)

will be automatically deposited into deposit accounts (“Deposit Accounts”) established for you by and in the name of Morgan Stanley Smith Barney LLC, as agent and custodian for its clients, that are Demand Deposit Accounts (“DDA”) at Morgan Stanley Bank, N.A., (“Morgan Stanley Bank”) and Morgan Stanley Private Bank, National Association (“Morgan Stanley Private Bank”), each a national bank, FDIC member and an affiliate of Morgan Stanley (each, a “Morgan Stanley Sweep Bank(s)"). Morgan Stanley will sweep free credit balances above \$20,000,000 (the “Deposit Maximum”) into a money market mutual fund (the “Sweep Fund”). Effective March 2023, certain non-affiliated banks, each an FDIC member (“Program Bank(s)”) and collectively with the Morgan Stanley Sweep Banks, the “Sweep Bank(s)”) will be part of the Program to provide funding value benefits to Morgan Stanley. Under certain circumstances your deposits, if selected based on eligibility described under “Eligibility and Computation for Deposits to be Sent to Program Banks,” will gain additional FDIC insurance coverage for deposits that would otherwise exceed the Maximum Applicable Insurance Limit at any single FDIC-insured bank.

Morgan Stanley will remain the agent and custodian for all your deposits in the Program, including those swept to one or more Program Banks.

Your monthly Account statement will reflect your balances in each Sweep Bank and, if applicable, the Sweep Fund.

Each Account is either a brokerage account or investment advisory account. “Investment advisory Accounts” are accounts which are enrolled in a Morgan Stanley investment advisory program. All other accounts are “Brokerage Accounts.” Investment Advisory Accounts and Brokerage Accounts offered through Morgan Stanley are investment products, are not insured by the FDIC, are not deposits or obligations of Morgan Stanley, and are not guaranteed by Morgan Stanley, and are subject to investment risks including possible loss of principal and may lose value.

For all Accounts, your funds in the Deposit Accounts at each Sweep Bank are eligible for deposit insurance provided by the Federal Deposit Insurance Corporation (“FDIC”) up to a specified amount (principal and accrued interest) per depositor in each FDIC account ownership category (e.g., individual or joint), provided that the requirements for deposit insurance, including appropriate account titling and recordkeeping, have been met. The FDIC insurance limit applicable to each FDIC account ownership category is referred to in this document as the “Maximum Applicable Insurance Limit.” The Deposit Limit at any Sweep Bank may be lower than the Maximum Applicable Insurance Limit.

The Maximum Applicable Insurance Limit for individually-owned accounts is currently \$250,000. Any deposits (including certificates of deposit (“CDs”)) that you maintain in the same capacity directly with a Sweep Bank, or through an intermediary (such as Morgan Stanley, another broker-dealer or depository network), will be aggregated with deposits in your Deposit Accounts at that Sweep Bank for purposes of the Maximum Applicable Insurance Limit. You are responsible for monitoring the total amount of deposits that you have with each Sweep Bank in order to determine the extent of FDIC deposit insurance coverage available to you. Morgan Stanley is not

responsible for monitoring your other deposits, outside of the Program with any Sweep Bank, including other deposits outside the Program with the Morgan Stanley Sweep Banks, for the purpose of maximizing your FDIC insurance coverage. We are not responsible for any insured or uninsured portion of a Deposit Account at a Sweep Bank. FDIC insurance protects only against the failure of an FDIC insured Sweep Bank and does not protect you against the failure of Morgan Stanley Smith Barney LLC. You should review carefully the section of this document, titled “FDIC Insurance,” which describes the amount of coverage available to you.

As discussed below under the section titled “Deposit Procedures,” your free credit balance will be deposited into Deposit Accounts at each Sweep Bank up to an amount set by Morgan Stanley and the Sweep Banks from time to time that is within the Maximum Applicable Insurance Limit without taking into account any other deposit you may maintain at the Sweep Bank (the “Deposit Limit”). The Deposit Limit for the Morgan Stanley Sweep Banks is currently \$498,000 for Accounts held jointly by two or more persons or entities, and \$249,000 for all other Accounts. The Deposit Limit will be computed on a daily basis for the Morgan Stanley Sweep Banks to be the lesser of \$249,000 or the difference of \$249,000 and the total of the following types of deposits held in the same FDIC account ownership category at the respective Morgan Stanley Sweep Bank for all accounts except jointly held accounts: Morgan Stanley savings programs, Global Currency, CDs, checking accounts and savings accounts at Morgan Stanley Private Bank. Although we take these other forms of deposit at the Morgan Stanley Sweep Banks into account when calculating your daily sweep amount, you remain responsible monitoring the total amount of deposits you maintain at the Morgan Stanley Sweep Banks

for purposes of FDIC deposit insurance coverage. The Deposit Limit will continue to be \$498,000 for Accounts held jointly by two or more persons or entities. Deposit Limits including those with the Program Banks are set slightly below the Maximum Applicable Insurance Limit to allow for accrued interest on the Deposit Accounts. If your funds exceed the Deposit Limit at each Morgan Stanley Sweep Bank, excess funds will be deposited into Deposit Accounts at your “Primary Sweep Bank” (the Morgan Stanley Sweep Bank where your deposits will first be made), up to the Deposit Maximum across the Morgan Stanley Sweep Banks, which means that you are likely to have funds at a Sweep Bank that are not FDIC insured, unless those funds are selected for sweep to one or more Program Banks as set forth below.

As further described under “Deposit Procedures,” when the deposited funds reach the Deposit Maximum, any additional free credit balance will be swept, without limit, to the Sweep Fund.

Program Eligibility

The Program may not be available for all account or entity types or for Accounts held by certain non-U.S. residents, depending on their jurisdiction of residence. Please ask us for more details regarding Program eligibility.

Deposit Procedures

Morgan Stanley, as your agent, will deposit your free credit balance into your Deposit Accounts. Either Morgan Stanley Bank or Morgan Stanley Private Bank will be your Primary Sweep Bank, and you will receive notice of the then-current order of the Morgan Stanley Sweep Banks upon the first deposit into the Program. Deposits will be made to your Deposit Accounts at the Primary Sweep Bank up to the Deposit Limit.

Thereafter, any free credit balance in excess of the Deposit Limit will be deposited into the Deposit Accounts at the other Morgan Stanley Sweep Bank (“Secondary Sweep Bank”) up to the Deposit Limit at your Secondary Sweep Bank. Once your deposits reach the Deposit Limit at both the Primary and Secondary Sweep Banks, deposits may sweep to one or more Program Banks, each up to the Deposit Limit. If on any given day, none of your deposits are selected for the Program Banks pursuant to the procedure outlined below, your deposits that exceed the Deposit Limit at the Secondary Sweep Bank will sweep to the Primary Sweep Bank, up to the Deposit Maximum, even if the amounts in the Deposit Accounts at the Primary Sweep Bank exceed the Maximum Applicable Insurance Limit.

Morgan Stanley may change which of your Morgan Stanley Sweep Banks is your Primary versus Secondary Sweep Bank. If a change is made, we may transfer funds between the Morgan Stanley Sweep Banks in order to reallocate your deposits. Your monthly account statement will reflect your balances in each Sweep Bank.

As outlined in the “Eligibility and Computation for Deposits to Be Sent to Program Banks” section, Morgan Stanley will run a computation daily to identify available balances eligible to be sent to any of the Program Banks. The selection criteria is driven by the funding value considerations of the Morgan Stanley Sweep Banks and your deposits may not be selected every day or on any given day.

Funds are deposited into your Deposit Accounts at the Sweep Banks up to the Deposit Maximum. Once the deposited funds reach the Deposit Maximum, any additional free credit balance will be swept into the Sweep Fund. If your Account is eligible, your Sweep Fund available for your Account is the Morgan Stanley Institutional Liquidity Funds Government Securities Portfolio (symbol MGPXX). The Deposit Maximum

and the Sweep Fund are subject to change with 30 days prior written notice to you from Morgan Stanley.

You could lose money by investing in a money market fund. Depending upon the type of money market fund in which you invest, a liquidity fee may be imposed upon sale of your shares because of market conditions or other factors. An investment in the Fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The Fund's sponsor has no legal obligation to provide financial support to the Fund, and you should not expect that the sponsor will provide financial support to the Fund at any time. You may also obtain a prospectus from us or from Morgan Stanley Investment Management at www.morganstanley.com/funds/MGPXX. Please read the prospectus carefully before investing or sending money.

You may contact us to exclude your deposits from being sent to any of the Sweep Banks, or the Sweep Fund. You may wish to do this if you have other deposits at a Sweep Bank and you wish to maximize your FDIC insurance coverage. If you do block deposits to either Morgan Stanley Bank or Morgan Stanley Private Bank, and your deposits are not selected to be swept to the Program Banks, the total deposit amount at the remaining Morgan Stanley Sweep Bank will be the Deposit Maximum.

The list of Program Banks will be published on <https://www.morganstanley.com/wealth-general/program-banks> website and may change periodically. We anticipate any changes going into effect at the beginning of each quarter. Since you are responsible for reviewing the list of Program Banks and your FDIC coverage, you should check the website during the second half of every December, March, June and September. You should also monitor your deposit totals at the Sweep Banks and the impact on your FDIC coverage. We are not responsible for monitoring your

deposit totals at the Sweep Banks. You may contact us anytime if you wish to exclude a Sweep Bank from the Program. You may also reach out to us if you want to make changes to your list of excluded banks.

If you block deposits to the Sweep Fund, then your free credit balance will sweep to the Sweep Banks pursuant to the deposit procedures for the Sweep Banks as outlined above, and the Deposit Maximum will not apply.

Eligibility and Computation for Deposits to be Sent to Program Banks

As part of the Program your free credit balance will sweep to the Morgan Stanley Sweep Banks first and may be sent to the Program Banks as outlined below. The following accounts are not eligible to be selected to have deposits sent to the Program Banks and will only sweep to the Morgan Stanley Sweep Banks:

- Investment Advisory Retirement Accounts
- Corporate Accounts
- Accounts held jointly
- Accounts securing loans such as Liquidity Access Line, Tailored Lending, Express Credit Line, accounts pledge to Mortgage loan
- Accounts whose Deposit Limit is not consistent with the procedures outlined above
- Accounts with interest rates that are not consistent with the rates published on rate monitor at <https://www.morganstanley.com/wealth-investmentstrategies/ratemonitor.html>
- All Self-Directed Accounts including those converted over from E*TRADE Securities LLC.

Certain account types may become eligible to have deposits sent to the Program Banks in the future and certain account types may become ineligible. We will provide you notice prior to implementing such changes.

On a daily basis, Morgan Stanley will aggregate your deposits in an FDIC account ownership category

at each Morgan Stanley Sweep Bank and sort all deposits in the same FDIC account ownership category based on the amount by which they exceed the Deposit Limit.

On any given day, you may have deposits that are sent to a Program Bank depending on the funding value considerations of the Morgan Stanley Sweep Banks and the capacity of the depository networks that allocate deposits to the Program Banks. In addition to the benefits to the Morgan Stanley Sweep Banks, you may also benefit from having deposits sent to the Program Banks, by receiving FDIC insurance on deposit amounts that would otherwise be uninsured. Morgan Stanley pays the depository networks fees to participate in their networks and the Morgan Stanley Sweep Banks and the depository networks will determine to which of the Program Banks your deposits are sent. FDIC insurance coverage becomes available when your deposits are received by a Sweep Bank. Prior to the receipt of deposits by a Sweep Bank, cash in your account is held as a free credit balance by Morgan Stanley. Free credit balances in Morgan Stanley accounts do not receive FDIC insurance coverage, but are protected up to \$250,000 by SIPC. For more information about SIPC protection, see www.sipc.org.

Withdrawal Procedures

Generally, all withdrawals necessary to satisfy debits in your Account will be made from your Deposit Accounts at a Sweep Bank by Morgan Stanley, as your agent. A debit in your Account could arise if, for example, you make a securities purchase or, if you withdraw funds, or if applicable, you write a check, or use your debit card to make purchases or make payments pursuant to bill payment services.

Funds from your Deposit Accounts will be withdrawn on a “last in, first out” basis, which means that funds will be withdrawn from the Program Banks

first and then the Morgan Stanley Sweep Banks in the reverse order from which the funds were deposited.

For accounts with a Sweep Fund, all withdrawals necessary to satisfy debits from your Account will be made by Morgan Stanley, as your agent, first from your Sweep Fund. If there are not enough funds in your Sweep Fund to satisfy debits or charges in your Account, Morgan Stanley, as your agent, will then make the necessary withdrawals from your Deposit Account at a Sweep Bank as described above.

Interest on the Deposit Accounts

GENERAL INFORMATION

Interest rates on the Deposit Accounts are variable. Morgan Stanley and the Sweep Banks reserve the right to change the interest rates or the methodology used to determine the interest rates on Deposit Accounts in their sole discretion and without prior notice to you. Interest rates are set on a weekly basis but may be set more or less frequently. The interest rate is generally based on a variety of factors, including, but not limited to, current market conditions and competitive interest rates. Morgan Stanley’s ability to influence the interest rate on your Deposit Accounts presents a conflict of interest. Please refer to the “Conflicts of Interest” section below for more information.

Funds deposited into Deposit Accounts at a Sweep Bank will begin to accrue interest on the business day of receipt by the Sweep Bank up to, but not including, the day of withdrawal. Morgan Stanley as your agent will generally deposit cash in your Deposit Accounts at a Sweep Bank on the first business day after the cash is received in your Account.

Interest will be compounded daily and credited monthly to your Deposit Accounts at a Morgan Stanley Sweep Bank. If your account has deposits sent to any of the Program Banks, interest on the balance held at the Program Banks will be compounded daily and paid out monthly. However,

the interest payments from balances held at the Program Banks will be paid in cash into your Account.

Interest will be credited on the last business day of the month (and if the last business day is not the last calendar day, interest is calculated through the last calendar day of the month). Any interest payments accrued from Program Banks that are paid in cash to your Account will sweep into the Program on the following business day, which may be the next calendar month. In addition, when the last calendar day of a month is not a business day any such cash may remain as a free credit balance in your Account awaiting the next business day to be swept into the Program. The Sweep Banks use the daily balance method to calculate interest on your Deposit Accounts. This method applies a daily periodic rate to the principal in the Deposit Accounts each day.

The interest rates applicable to your Deposit Accounts at the Sweep Banks may be higher or lower than the interest rates available on other deposit accounts offered by a Sweep Bank or on deposit accounts offered by other depository institutions. You should compare the terms, interest rates, required minimum amounts and other features of the Deposit Accounts with other deposit accounts and alternative cash investments. You may obtain information regarding the current interest rates and interest rate tiers, as well as money fund yields, by contacting us, or by accessing Morgan Stanley's public website at: <https://www.morganstanley.com/wealth-general/ratemonitor> or the E*TRADE's public website at: <https://etrade.com/rates>.

INTEREST RATES AND TIERS

SELF-DIRECTED ACCOUNTS

Interest rates for Self-Directed Accounts will be tiered based on the Total Deposit Balance in your Deposit Account.

ALL OTHER ACCOUNTS

The interest rates for deposits in all other Accounts will be tiered based on your Total Deposit Balances (including deposits in the Bank Deposit Program and in the Morgan Stanley Savings Program) in all applicable accounts in your BDP Pricing Group. A BDP Pricing Group is a group of Accounts within a household that have the same address. Accounts utilizing the same Social Security number or tax identification number in a household may also be included in a BDP Pricing Group even if the Account address is different from other Accounts. Self-Directed Accounts are not eligible for treatment as part of a BDP Pricing Group.

Certain Accounts can be included in a household if the Account owner lives with the head of household and/or qualifies based on his/her familial relationship to the head of household.

Eligible family relationships may include spouse (or domestic partner), children, parents and grandparents of the head of household.

There are restrictions on what Account types can and cannot be grouped together in a BDP Pricing Group. Accounts subject to these restrictions, include, but are not limited to, employee benefit plan accounts, irrevocable trusts, IRAs and business Accounts. There are also Account types where consent may be required to include an account in a BDP Pricing Group including, for example, non-ERISA retirement accounts (i.e., retirement plans that cover only owner and/or spouse) and family/solely owned entity accounts.

You may consult with us to determine whether all eligible Accounts have been included in your household and/or BDP Pricing Group. It is your responsibility to ensure that all eligible Accounts are included in your household and/or BDP Pricing Group.

We reserve the right to modify our eligibility requirements and method of calculating a BDP Pricing

Group at any time, including the right to modify the definition of Total Deposit Balances without notice.

Interest Rate Paid in the Program

In general, in most market conditions, the greater the value of your Total Deposit Balances, the higher the interest rate on your Deposit Accounts, subject to applicable tier thresholds.

We will determine the value of Total Deposit Balances each week (the “Valuation Date”) and our valuation will be final. If a change in the value of your Total Deposit Balances causes you to move from one interest rate tier to another interest rate tier, your Deposit Accounts will earn interest at the rate in your new tier beginning no later than the first business day following the Valuation Date.

The current yield paid by the Sweep Fund will be among the factors used to determine the interest rate for the highest interest rate tier. Morgan Stanley and the Sweep Banks reserve the right to change the interest rates and interest rate tiers. Under some market conditions, different tiers may have the same interest rate on any given day. The interest rates set by the Sweep Banks and the Sweep Fund yield may differ from time to time. Morgan Stanley and its affiliates do not guarantee that the interest rates and yield will be identical.

To review current interest rates and tiers at Morgan Stanley, please visit <https://www.morganstanley.com/wealth-general/ratemonitor> or for E*TRADE, please visit <https://etrade.com/rates>.

Credited Interest Rebalancing at the Sweep Banks

If, on the last day of any month, the interest credited to your Deposit Accounts at a Sweep Bank has caused your deposits to exceed the Deposit Limit, Morgan Stanley, as your agent, may withdraw the excess from that Sweep Bank and deposit

it into another Sweep Bank. For example, with respect to an Account owned by an individual, if, at the end of a month, you maintain deposit balances of \$249,000 in your Deposit Accounts at Morgan Stanley Bank and \$15,000 in your Deposit Accounts at Morgan Stanley Private Bank, the amount of any interest credited to your Deposit Accounts at Morgan Stanley Bank for the month would be transferred by Morgan Stanley, as your agent, to your Deposit Accounts at Morgan Stanley Private Bank if your deposit is not selected for the Program Banks. When the Deposit Limit at Morgan Stanley Private Bank is reached, the amount of any interest credited to your Deposit Accounts at Morgan Stanley Private Bank for the month would be transferred by Morgan Stanley, as your agent, to your Deposit Accounts at Morgan Stanley Bank so that no more than the Deposit Limit is on deposit at Morgan Stanley Private Bank. In this example, Morgan Stanley would not transfer to Morgan Stanley Private Bank the amount of any interest credited to your Deposit Accounts at Morgan Stanley Bank, due to the fact that, for individual Accounts, no more than the Deposit Limit can be deposited at Morgan Stanley Private Bank. Please refer to the “Deposit Procedures” section above for more information about how funds at Morgan Stanley Bank would be handled in such circumstances.

Fee to Morgan Stanley

The Morgan Stanley Sweep Banks will pay Morgan Stanley an annual account-based flat fee for the services performed by Morgan Stanley with respect to the Program. Morgan Stanley and the Morgan Stanley Sweep Banks will review the fee annually and, if applicable, mutually agree upon any changes to the fee. The fee received by Morgan Stanley affects the interest rate paid by the Sweep Banks on

your Deposit Accounts. Your Financial Advisor or Private Wealth Advisor if applicable receives credit of up to 0.15% of the average daily deposit balance in your Deposit Accounts if you meet certain criteria. Your Financial Advisor will not receive the foregoing fees or credits for Investment Advisory Accounts. The asset-based fee charged on Investment Advisory Account assets, includes cash held in the Program. Affiliates of Morgan Stanley may also receive a financial benefit in the form of credit allocations made for financial reporting purposes.

No other charges, fees or commissions will be imposed on your Account as a result of, or otherwise in connection with, the Program. Our affiliate, Morgan Stanley Investment Management (“MSIM”), serves and receives compensation as the investment adviser to the money market funds that are available as part of BDP or as an alternative if you are not eligible for BDP. You will bear a proportionate share of the applicable fund’s expenses in which your account assets are invested. We receive compensation from these funds at rates that are set by the funds’ prospectuses and currently range, depending on the program in which you invest, from 0.10% per year (\$10 per \$10,000 of assets) to 0.25% per year (\$25 per \$10,000 of assets) of the total money market sweep fund assets held by our clients. Please review your sweep money market fund’s prospectus to learn more about the compensation we receive from such funds.

We have a conflict of interest to only utilize affiliated money market funds in BDP or as an alternative for clients that are not eligible for BDP, and those affiliated funds and share classes that pay us more compensation than other funds and share classes. For investment advisory accounts, we rebate to you the compensation we receive (but not the compensation MSIM receives) for these affiliated funds and share classes. Some unaffiliated money market funds have lower fees and in some market conditions have had

higher yields than Morgan Stanley’s affiliated money market funds. You should understand these costs because they decrease the return on your investment. In addition, we receive revenue sharing payments from MSIM in the event a sweep fund waives its fees in a manner that reduces the compensation that we would otherwise receive. Using an affiliated money market fund gives Morgan Stanley an incentive to allocate additional client assets to the Program (or recommend that clients keep additional assets in the Program), compared with other assets on which Morgan Stanley and its affiliates do not receive fees.

Under certain circumstances, all or a portion of the compensation we receive from MSIM and/or the sweep funds is paid to your Financial Advisor/ Private Wealth Advisor if applicable based upon Morgan Stanley’s standard compensation formulas. This fact creates a conflict of interest on the part of your Financial Advisors/Private Wealth Advisors because they have a financial incentive in connection with the Program that is absent in connection with other assets on which they do not receive a fee. Morgan Stanley either rebates to clients or does not receive compensation on sweep money market fund positions held by clients in our fee-based advisory account programs. Please ask your Morgan Stanley Team if you have additional questions.

Conflicts of Interest and Benefits to Morgan Stanley, the Morgan Stanley Sweep Banks and Their Affiliates

Morgan Stanley, the Morgan Stanley Sweep Banks and their affiliates expect to receive other financial benefits in connection with the Program.

Through the Program, each Morgan Stanley Sweep Bank will receive a stable, cost-effective source of funding. Each Morgan Stanley Sweep Bank intends to use deposits in the Deposit Accounts it holds to fund current and new businesses, including lending

activities and investments. The profitability of such loans and investments is generally measured by the difference, or “spread,” between the interest rate paid on the Deposit Accounts at the Morgan Stanley Sweep Bank and other costs of maintaining the Deposit Accounts, and the interest rate and other income earned by the Morgan Stanley Sweep Bank on those loans and investments made with the funds in the Deposit Accounts. The cost of funds for the Morgan Stanley Sweep Banks of deposits through the sweep program in ordinary market conditions is lower than their cost of funds through some other sources, and the Morgan Stanley Sweep Banks also receive regulatory capital and liquidity benefits from using the sweep program as a source of funds as compared to some other funding sources. The income that a Morgan Stanley Sweep Bank earns through its lending and investing activities in ordinary market conditions is greater than the fees earned by Morgan Stanley and its affiliates from managing and distributing the Sweep Fund or other money market mutual funds available to you as a sweep investment.

Morgan Stanley has added Program Banks to the Program in order to maximize the funding value of the deposits in the Program for the Morgan Stanley Sweep Banks. On any given day, you may have deposits that are sent to a Program Bank depending on the funding value considerations of the Morgan Stanley Sweep Banks and the capacity of the depository networks that allocate deposits to the Program Banks. In addition to the benefits to the Morgan Stanley Sweep Banks, you may also benefit from having deposits sent to the Program Banks, by receiving FDIC insurance on deposit amounts that would otherwise be uninsured. In return for receiving deposits through the Program, the Program Banks provide other deposits to the Morgan Stanley Sweep Banks. This reciprocal deposit relationship provides a low-cost source of funding, and capital and liquidity benefits to both

the Program Banks and the Morgan Stanley Sweep Banks. The Program Banks pay a fee to a Program Administrator in connection with the reciprocal deposits, but the cost of that fee is not borne directly by Morgan Stanley clients.

The Morgan Stanley Sweep Banks have discretion in setting the interest rates paid on deposits received through the Program, and are under no legal or regulatory requirement to maximize those interest rates. The Morgan Stanley Sweep Banks and the Program Banks can and sometimes do pay higher interest rates on some deposits they receive directly than they pay on deposits received through the Program. This discretion in setting interest rates creates a conflict of interest for the Morgan Stanley Sweep Banks. The lower the amount of interest paid to customers, the greater is the “spread” earned by the Morgan Stanley Sweep Banks on deposits through the Program, as explained above. By contrast, money market funds (including Morgan Stanley affiliated money market funds) have a fiduciary duty to seek to maximize their yield to investors, consistent with their disclosed investment and risk-management policies and regulatory constraints.

Margin

Funds in the Deposit Accounts cannot be used for margin purposes. Funds in the Sweep Fund, however, can be used for margin purposes. If you wish to utilize your full cash balance for margin purposes you have to use your free credit balance to purchase an investment that can be used for margin purposes.

Information about Your Deposit Accounts

Your account statement from Morgan Stanley will reflect the balances in the Deposit Account(s) at each

Sweep Bank and the Sweep Fund. Your Account statement will also show activity in Deposit Accounts, the total of your opening and closing Deposit Account balances, and the interest earned for the period beginning on the last business day of the prior month (or, in the case of quarterly statements, the last business day of the month prior to the first month of the quarter) up to, but not including, the last business day of the statement period. If, after electing the Program, your funds are first swept on the next to last business day of the month, the interest earned on that day will be reflected in your next Account statement. Morgan Stanley is responsible for the accuracy of your Account statements, not the Sweep Banks. All statements will be considered conclusive and binding unless you object in writing within 10 days of receiving your Account statement. We can assist you in understanding your statement and can respond to any questions you may have. You should retain your Account statements for your records.

Amendments to the Program

Morgan Stanley, at its discretion, may modify the terms, conditions and procedures of the Program with 30 days' prior written notice to you. All such notices may be made by means of a letter, an entry on your Account statement, electronic notification for clients who have opted into electronic delivery, or by other means. In addition, other depository institutions, or alternative money market mutual sweep funds, may be added at any time to the Program and one or more of the existing Morgan Stanley Sweep Banks or Sweep Funds may be removed. If Morgan Stanley adds depository institutions or money market mutual sweep funds to the Program or changes the deposit and withdrawal procedures, if feasible, you will be notified prior to your funds being deposited with that depository institution, or swept into such fund,

or prior to the implementation of any change to the deposit and withdrawal procedures. Morgan Stanley has discretion to drop a depository institution from the Program without prior notice to you. Changes in interest rates will occur without prior notice. In the event a depository institution is added to the Program, you authorize Morgan Stanley to withdraw funds from your Deposit Accounts at the Morgan Stanley Sweep Banks in excess of the Deposit Limit and deposit the funds in the Deposit Accounts that are established at the additional depository institution.

If FDIC deposit insurance limits are changed, Morgan Stanley has discretion to adjust the Deposit Limit without prior notice to you. You will be informed of such change by a posting on our website and a confirming letter or an entry on your Account statement or by other means. If Morgan Stanley changes the Deposit Limit pursuant to this paragraph, we have discretion to move your funds from one Sweep Bank to another Sweep Bank in order to reflect the change in the Deposit Limit.

If a Morgan Stanley Sweep Bank in which you have Deposit Accounts ceases to participate in the Program, you will be notified by Morgan Stanley and given the opportunity to establish a direct depository relationship with the Morgan Stanley Sweep Bank (subject to the rules and requirements of that sweep bank with respect to establishing and maintaining deposit accounts). The consequences of maintaining a direct depository relationship with a Morgan Stanley Sweep Bank are discussed below under "Your Relationship With Morgan Stanley and the Sweep Banks." If you choose not to establish a direct depository relationship with the Sweep Bank, your funds will be withdrawn from the Sweep Bank and redeposited with the remaining Sweep Bank and/ or other depository institution, as applicable.

Your Relationship With Morgan Stanley and the Sweep Banks

The Program is being offered to you by Morgan Stanley, acting as your agent and custodian in establishing the Deposit Accounts at each Sweep Bank and depositing funds into, withdrawing funds from, and transferring funds among, the Deposit Accounts at each Sweep Bank. Therefore, all transactions, including, if applicable, checks written on your Account and charges on your Morgan Stanley Debit Card, are effected through Morgan Stanley, as your agent and custodian, and are not effected directly by you at the Sweep Banks. You cannot withdraw your deposits through the Program directly from the Sweep Banks. As a condition to participate in the Program, the Morgan Stanley Sweep Banks have, however, contractually agreed to provide Morgan Stanley with Account records relating to IRA and ERISA Accounts. No evidence of ownership, such as a passbook or certificate, will be issued to you. Deposit Account ownership will be evidenced by a book entry in one or more master deposit accounts established by Morgan Stanley. Your Deposit Accounts at each Sweep Bank will be evidenced by records maintained by Morgan Stanley as your agent and custodian. Morgan Stanley can, in its sole discretion, terminate your participation in the Program at any time upon written notice to you. You may, at any time, terminate your participation in the Program.

If your Account sweeps to the Sweep Fund, then termination of your participation in the Program will also terminate the Sweep Fund investment. You may contact us to invest your funds in an alternative money market mutual fund, subject to eligibility.

If either you or Morgan Stanley terminates your participation in the Program, you may request and establish a direct depository relationship with a Morgan Stanley Sweep Bank, subject to the

Morgan Stanley Sweep Bank's rules and requirements with respect to establishing and maintaining accounts. This will result in your maintaining deposit accounts that are separate from your Account. Morgan Stanley will have no further obligation with respect to such deposit accounts and the interest paid on those deposits may be different from what you would have otherwise earned in the Program. In the alternative, if you wish to discontinue using our brokerage services, but want to continue holding funds in the Morgan Stanley Sweep Bank(s) through the Program and earning interest on the deposits in the Morgan Stanley Sweep Bank(s), you can contact us to waive any annual or periodic Brokerage Account fees. Such fees will be reinstated if or when you choose to use brokerage services again. If your Account sweeps to the Sweep Fund, and you discontinue using our brokerage services, then you will not be able to invest your funds in any money market mutual fund.

Each Deposit Account at each Sweep Bank constitutes an obligation of the Sweep Bank and is not directly or indirectly an obligation of Morgan Stanley. You can obtain publicly available financial information concerning each Sweep Bank at www.ffiec.gov/nicpubweb/nicweb/nichome.aspx or by contacting the FDIC Public Information Center by mail at 3501 North Fairfax Drive, Arlington, VA 22226, or by phone at 1-877-275-3342. Morgan Stanley does not guarantee in any way the financial condition of a Sweep Bank or the accuracy of any publicly available financial information concerning a Sweep Bank.

FDIC Insurance

General Information

Funds in the Deposit Accounts at each Sweep Bank are insured by the FDIC, an independent agency of the U.S. government, up to the Maximum Applicable Insurance Limit (including principal and

accrued interest) per depositor when aggregated with all other deposits held by you in the same FDIC account ownership category at each Sweep Bank. The Maximum Applicable Insurance Limit for individually-owned accounts is currently \$250,000 and for qualifying jointly-owned accounts of natural persons is currently \$250,000 for each owner. The Maximum Applicable Insurance Limit for other account ownership categories (including, for example, certain retirement accounts) can be viewed on the FDIC's website: <https://www.fdic.gov/resources/deposit-insurance/brochures/insured-deposits/>. The Deposit Limit at any Sweep Bank may be lower than the Maximum Applicable Insurance Limit. Generally, any accounts or deposits that you may maintain directly with a Sweep Bank, or through any other intermediary in the same FDIC account ownership category in which the Deposit Accounts are maintained, would be aggregated with the Accounts for purposes of the Maximum Applicable Insurance Limit. Your funds become eligible for FDIC insurance immediately upon deposit in a Deposit Account at a Sweep Bank. FDIC insurance protects funds that have been deposited in the Sweep Banks, provided that the requirements for deposit insurance, including appropriate account titling and recordkeeping, have been met. **Any deposits (including Certificate of Deposits (CDs)) that you maintain in the same FDIC account ownership category directly with a Sweep Bank, or through an intermediary (such as Morgan Stanley, another broker or depository network), will be aggregated with your Deposit Accounts at the Sweep Bank for purposes of the Maximum Applicable Insurance Limit. You are responsible for monitoring the total amount of deposits that you have with each Sweep Bank in order to determine the extent of FDIC insurance coverage available to you. Morgan Stanley is not**

responsible for any insured or uninsured portion of a Deposit Account at a Sweep Bank.

FDIC insurance protects only against the failure of an FDIC-insured Sweep Bank and does not protect you against the failure of Morgan Stanley Smith Barney LLC. Morgan Stanley Smith Barney LLC is not an FDIC-insured depository institution. In the event a Sweep Bank fails, the Deposit Accounts at that Sweep Bank are insured, together with other deposits held in the same capacity, up to the Maximum Applicable Insurance Limit, for principal and interest up until the day the Sweep Bank is closed. Under certain circumstances, if you become the owner of deposits at a Sweep Bank as a result of the death of another depositor, then beginning six months after that depositor's death, the FDIC will aggregate those deposits for purposes of the Maximum Applicable Insurance Limit with any other deposits that you own in the same FDIC account ownership category at that Sweep Bank.

Additional information about the various FDIC ownership categories can be found on FDIC's website: <https://www.fdic.gov/resources/deposit-insurance/financial-products-insured/index.html>. The FDIC provides a six-month "grace period" to permit you to restructure your deposits to obtain the maximum amount of deposit insurance for which you are eligible. If the Deposit Accounts at the Sweep Bank are assumed by another depository institution pursuant to a merger or consolidation, the Deposit Accounts will continue to be separately insured from the deposits that you might have established with the acquiring institution until the expiration of the six-month grace period from the date of such acquisition. Thereafter, any acquired Deposit Accounts will be aggregated with your existing deposits at the acquiring institution held in the same FDIC account ownership category for purposes of FDIC insurance.

Uninsured Amounts

If the principal amount of a Deposit Account at a Sweep Bank, plus accrued interest, together with all other deposits that you maintain directly or indirectly at the Sweep Bank, in the same ownership capacity, is in excess of the Maximum Applicable Deposit Insurance Amount, the amount in excess will not be insured by the FDIC. In determining the total amount of your funds at the Sweep Bank for FDIC insurance purposes, you must aggregate all deposits at the Sweep Bank held in the same FDIC account ownership category, regardless of whether you hold the deposits directly with the Sweep Bank or through Morgan Stanley or another financial intermediary. In the event of the failure of the Sweep Bank, you will have a claim for the uninsured portion of your deposits that ranks equally with the claims of other uninsured depositors (including the FDIC as subrogee of insured depositors) and senior to claims of general unsecured creditors of the Sweep Bank, and you will receive payments, if any, based upon the amount of assets the Sweep Bank has available for distribution. You should review the “Payments Under Adverse Circumstances” section below for more information.

Payments Under Adverse Circumstances

In the event that a Sweep Bank fails and federal deposit insurance payments become necessary, payments of principal plus accrued, but unpaid, interest will be made to you to the extent that your Deposit Account qualifies for federal deposit insurance. There is no specific time period during which the FDIC must make insurance payments available and you should be prepared for the possibility of an indeterminate delay in obtaining those payments. As explained above, the Maximum Applicable Insurance Limit applies to the value of the principal and accrued interest on all Deposit Accounts maintained by you at the Sweep Bank in the same FDIC account ownership category

capacity. The records maintained by the Sweep Bank and Morgan Stanley regarding ownership of the Deposit Accounts would be used to establish your eligibility for FDIC insurance payments. Furthermore, you may be required to provide certain documentation to the FDIC or to Morgan Stanley before insurance payments are made. For example, if you hold the Deposit Accounts as trustee for the benefit of trust participants, you may also be required to furnish an affidavit to that effect; you may be required to furnish other affidavits and provide indemnities regarding insurance payment. No interest is earned on deposits from the time a Sweep Bank is closed until insurance payments are received. In addition, Morgan Stanley is not obligated to credit your Account with funds in advance of insurance payments received from the FDIC.

If your Deposit Accounts at a Sweep Bank or other deposits at a Sweep Bank (e.g., CDs) are assumed by another depository institution pursuant to a merger or consolidation, such deposits will continue to be insured separately, up to the Maximum Applicable Insurance Limit, from the deposits that you might have established with the acquiring institution until (i) the maturity date of the CDs or other time deposits that were assumed, or (ii) with respect to deposits that are not time deposits, including Deposit Accounts, the expiration of a six-month grace period from the date of the merger or consolidation. Thereafter, any assumed deposits will be aggregated with your existing deposits with the acquiring institution held in the same capacity for purposes of FDIC insurance coverage. Any deposit opened at the acquiring institution after the merger or consolidation, will be aggregated with deposits established with the acquiring institution for purposes of FDIC insurance.

Please note that if your Deposit Accounts at a Sweep Bank are assumed by another depository institution, or FDIC insurance payments become necessary, you

may not have access to some or all of the funds in your Deposit Accounts at the Sweep Bank for a period of time. As a result, you may need to deposit more funds in your Account to facilitate continued trading and cash management activities (e.g., debit card transactions, checks, wires, etc.).

Morgan Stanley will have no obligation to you for any amounts not covered by FDIC insurance nor will Morgan Stanley have any obligation to make any payments to you in satisfaction of a loss you might incur as a result of a delay in FDIC insurance payouts applicable to the Deposit Accounts. Also, Morgan Stanley will have no obligation to credit your Account with funds in advance of payments received from the FDIC.

Questions About FDIC Deposit Insurance Coverage

If you have questions about basic FDIC insurance coverage, please contact us. You may wish to consult your attorney concerning FDIC insurance coverage of deposits held in more than one capacity. You may also obtain information by contacting the FDIC, Division of Supervision and Consumer Protection, by letter (Attn: Deposit Insurance Outreach, 550 17th Street, N.W., Washington, DC 20429), by phone (1-877-275-3342, 1-800-925-4618 (TDD)) or by accessing the FDIC website at www.fdic.gov.

SIPC Insurance

Balances maintained in the Deposit Accounts at each Sweep Bank are not protected by Securities Investor Protection Corporation ('SIPC') or any excess of SIPC coverage purchased by Morgan Stanley.

Money market mutual funds and uninvested cash are covered by the SIPC. SIPC is a federally mandated U.S. nonprofit corporation that protects customer assets from financial loss in the event a broker-dealer becomes insolvent.

SIPC covers securities that Morgan Stanley holds in custody (stocks, bonds, notes) up to \$500,000 per client capacity (e.g., individual, joint) of which up to \$250,000 may be free credit balances. Money market mutual funds receive SIPC coverage as securities, not as cash. However, SIPC does not provide protection for the loss in value of securities, including money market funds. Funds in the BDP are covered by FDIC insurance, not SIPC, once the deposits are received by the Program Banks. Additional information about SIPC is available at www.sipc.org.

In addition to this SIPC protection, Morgan Stanley has purchased, at no direct cost to clients, a supplemental insurance policy through certain underwriters at Lloyd's of London and various insurance companies. In the unlikely event that client assets are not fully recovered and SIPC protection limits have been paid, this additional coverage would be available to provide protection above the SIPC limits. This coverage is subject to an aggregate firmwide cap of \$1 billion, with no per client limit for securities and a \$1.9 million per client limit for the cash portion of any remaining shortfall. SIPC and excess of SIPC protection do not insure against losses due to market fluctuations or other losses that are not related to claims due to the insolvency of Morgan Stanley. SIPC and excess of SIPC protection are applied per customer for all Accounts designated in the same capacity.

Unless otherwise specifically disclosed to you in writing, investments and services are offered through Morgan Stanley Smith Barney LLC, member SIPC, and such investments and services are not insured by the FDIC, are not deposits or other obligations of, or guaranteed by, the Sweep Banks and involve investment risks, including possible loss of principal amount invested. Morgan Stanley Smith Barney LLC is a registered broker-dealer, not a bank.

