Morgan Stanley

Bank Deposit Program Disclosure Statement

MARCH 2018

Introduction

Under the Bank Deposit Program (the "Program"), free credit balances[1] in your

- Active Assets Account ("AAA"),
- Basic Securities Account ("BSA"),
- Individual Retirement Account[2] ("IRA"),
- 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"), and Versatile Investment Program Plan Account ("VIP"), Retirement Plan Manager Account ("RPM") or Employee Benefit Trust Account ("EBT") account types used at Morgan Stanley to hold assets in connection with "employee benefit plans"[3] (collectively, for purposes of this Disclosure Statement, referred to as "ERISA Accounts"), (each, an "Account," collectively, the "Accounts") will be automatically deposited into deposit accounts ("Deposit Accounts") established for you by and in the name of Morgan Stanley Smith Barney LLC ("Morgan Stanley") 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 "Sweep Bank") and, for free credit balances above $2,000,000, Morgan Stanley will sweep such balances into a Sweep Fund (as defined below). Your monthly Account statement will reflect your balances in each Sweep Bank and, if applicable, the Sweep Fund (as defined below).

Beginning June 6, 2018, Morgan Stanley will be raising the "Deposit Maximum" from $2,000,000 to $20,000,000 so that, as described under "Deposit Procedures," any free credit balance above $20,000,000 will be swept into a Sweep Fund (as defined below).

Each Account is either a brokerage account or managed account. "Managed Accounts" are accounts which are enrolled in one of the following programs: Consulting Group Advisor, Select UMA®, Portfolio Management, Fiduciary Services, Consulting and Evaluation Services, Investment Managed Services and Global Investment Solutions. All other accounts are "Brokerage Accounts." Managed Accounts and Brokerage Accounts may be business accounts. "Business Accounts" include Business AAAs and Business BSAs, regardless of the account owner, as well as AAAs and BSAs owned by sole proprietorships and partnerships.

The Deposit Accounts at each Sweep Bank are established in the name of Morgan Stanley, as agent and custodian for its clients, and consist of a Demand Deposit Account ("DDA") and a Money Market Deposit Account ("MMDA").

For all Accounts, your funds in the Deposit Accounts at each Sweep Bank are eligible for deposit insurance by the Federal Deposit Insurance Corporation ("FDIC") up to a specified amount (principal and accrued interest) per depositor in each insurable capacity (e.g., individual or joint). The FDIC insurance limit applicable to each insurable capacity is referred to in this document as the "Maximum Applicable Insurance Limit."

The deposit insurance limit for all insurable capacities 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 or another broker), 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. We are not responsible for any insured or uninsured portion of a Deposit

Account at a Sweep Bank. 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 "Deposit Procedures," your available cash will be deposited into the 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 (the "Deposit Limit"). The Deposit Limit is currently $490,000 for Accounts held jointly by two or more persons or entities, and $245,000 for all other Accounts. Deposit Limits are set slightly below the FDIC insurance thresholds to allow for accrued interest on the Deposit Accounts. If your funds exceed the Deposit Limit at each Sweep Bank, such excess funds will be deposited into the Deposit Accounts at your Primary Sweep Bank (as such term is defined below), up to the Deposit Maximum across both Sweep Banks, which means that you are likely to have funds at Sweep Bank that are not FDIC insured.

Currently, the Deposit Maximum is a total deposit amount of $2,000,000. As a reminder, beginning June 6, 2018, funds will be deposited into the Deposit Accounts up to the new Deposit Maximum amount of $20,000,000 across both Sweep Banks.

As further described under "Deposit Procedures," when the deposited funds reach the Deposit Maximum, any additional free credit balances will be swept, without limit, to the applicable money market mutual fund ("Sweep Fund").

Eligibility

The Program may not be available for all account types or for accounts held by certain non-U.S. residents, depending on their jurisdiction. Please ask your Financial Advisor or Private Wealth Advisor for more details regarding Program eligibility.

Deposit Procedures

In general, for all accounts, we will deposit your funds into your DDA account at a Sweep Bank. Funds in excess of a minimum amount determined periodically by each Sweep Bank as necessary to satisfy debits in your Account will be transferred from your DDA account to your related MMDA at the Sweep Bank. Transfers from your MMDA to your related DDA account and withdrawals from your DDA account are discussed below under "Withdrawal Procedures."

Morgan Stanley, as your agent, will deposit your available cash into your Deposit Accounts. The Primary Sweep Bank is the Sweep Bank where your deposits will first be made. 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 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 available cash in excess of the Deposit Limit will be deposited into your Deposit Accounts at the other Sweep Bank ("Secondary Sweep Bank") up to the Deposit Limit at that Sweep Bank. Once your deposits reach the Deposit Limit at both the Primary and Secondary Sweep Banks, available cash will be deposited into your Deposit Accounts at 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.

Please note, however, that Morgan Stanley may notify you of a change to your Primary and Secondary Sweep Banks within 30 days in writing. If a change is made, we may transfer funds between the Sweep Banks in order to reallocate your deposits. Your monthly account statement will reflect your balances in each Sweep Bank.

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 balances will be swept into the Sweep Fund for eligible accounts. If your Account is eligible, the 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 prior notice to you from Morgan Stanley.

An investment in a money market mutual fund, like the Sweep Fund, is not insured or guaranteed by the FDIC or any other government agency. Although a retail or U.S. Government securities money market mutual fund seeks to preserve the value of your investment at $1.00 per share, it is possible to lose money by investing in a money market mutual fund.

An investor should consider the investment objectives, risks, and charges and expenses of a money market mutual fund(s) carefully before investing. A prospectus, which contains this and other important information about the Sweep Fund, will be mailed to you upon the first deposit into the Sweep Fund. You may also obtain a prospectus from your Financial Advisor 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 your Financial Advisor or Private Wealth Advisor to block deposits to Morgan Stanley Bank or Morgan Stanley Private Bank, or to the Sweep Fund. Please note that if you do block deposits to Morgan Stanley Bank or Morgan Stanley Private Bank, the total deposit amount at the remaining Sweep Bank will be the Deposit Maximum (currently set at $2,000,000). If you block deposits to the Sweep Fund, then your free credit balances will sweep to the Sweep Banks pursuant to the deposit procedures for the Sweep Banks as outlined above, and the Deposit Maximum limitation will not apply.

As a reminder, beginning June 6, 2018, funds will be deposited into your Deposit Accounts at the Sweep Banks up to the new Deposit Maximum amount of $20,000,000.

Withdrawal Procedures

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

If a withdrawal of funds from your Deposit Accounts is necessary to satisfy a debit, funds will be withdrawn on a “last in, first out” basis, which means that funds will be withdrawn from the Sweep Banks in the reverse order from which the funds were deposited.

All withdrawals will be made from the DDA account at the appropriate Sweep Bank. If funds in the DDA account at the Sweep Bank are insufficient to satisfy the debit, funds in the MMDA at that Sweep Bank will be transferred by Morgan Stanley, as your agent, to the related DDA account to satisfy the debit. Additional funds in the MMDA at the Sweep Bank will also be transferred to the related DDA account at that Sweep Bank to maintain any minimum balance that the Sweep Bank may establish.

Federal banking regulations limit the transfers from an MMDA to a total of six during a monthly statement cycle. At any time during a month in which transfers from your MMDA at a Sweep Bank have reached the regulatory limit, all funds will be transferred from that MMDA to the related DDA account and no funds will be transferred from your DDA account to the related MMDA for the remainder of the month. At the beginning of the next month, funds on deposit in your DDA account will be transferred to the related MMDA at each Sweep Bank, minus any minimum amount to be maintained in your DDA account necessary to satisfy debits in your Account. These limits on MMDA transfers at each Sweep Bank will not limit the number of withdrawals of funds on deposit in your DDA account at a Sweep Bank, the interest rate you earn, or the amount of FDIC coverage for which you are eligible.

As required by federal banking regulations, the Sweep Banks reserve the right to require seven days' prior notice before permitting a transfer of funds out of an MMDA. While the Sweep Banks have indicated that they have no present intention of exercising their right to require such notice, the Sweep Banks may exercise this right at any time in their sole discretion.

For applicable accounts, 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 DDA account at a Sweep Bank as described above.

Interest on the Deposit Accounts

GENERAL INFORMATION

The DDA accounts and the MMDAs will earn the same rate of interest. Interest rates on the DDA accounts and the MMDAs are variable and subject to change without notice. Morgan Stanley and the Sweep Banks reserve the right to change the interest rates without prior notice to you or the methodology used to determine the interest rates on Deposit Accounts in their sole discretion. Rates are set on a weekly basis but may be set more or less frequently. A committee has the authority to establish the rates for Brokerage Accounts. The rate is generally based on a variety of factors, including, but not limited to, current market conditions and competitive rates. Our ability to influence the 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. We will generally deposit cash in your Account in the 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 Sweep Bank. Interest will be credited on the last business day of the month (and if the last business day is not the last calendar day, to include interest through the last calendar day of the month). 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 paid with respect to the 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 with respect to the current interest rates and interest rate tiers, as well as money fund yields, by contacting your Financial Advisor or Private Wealth Advisor, or by accessing Morgan Stanley's public website at: www.morganstanley.com/wealth-investmentstrategies/ratemonitor.html.

Morgan Stanley and the Sweep Banks reserve the right to change the interest rates and interest rate tiers, and further, on any day, there may be no difference in the interest rates on different tiers.

INTEREST RATES AND TIERS

For all eligible accounts, the interest rates on Deposit Accounts will be tiered ("Tiered Rates") based upon the value of Total Deposit Balances in your BDP Pricing Group. Total Deposit Balances is the value of all deposits (including deposits in the Bank Deposit Program and in the Savings Program) across all accounts in your BDP Pricing Group (as defined below). Currently, there are six interest rate tiers:

- $2,000,000 or greater
- $1,000,000 to $1,999,999.99
- $500,000 to $999,999.99
- $250,000 to $499,999.99
- $100,000 to $249,999.99
- Less than $100,000

The current rate paid by the Sweep Fund will be among the factors used to determine the rate for $2,000,000 or greater interest rate tier. The rates for all interest rate tiers will be determined as described above in "General Information." However, you should be aware that 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.

In general, the greater the value of your Total Deposit Balances, the higher the interest rate on your Deposit Accounts. Liabilities, such as mortgages and margin loans, are excluded from this calculation.

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 subsequent Valuation Date.

The interest rate tier for your Deposit Accounts will be determined by aggregating Total Deposit Balances 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.

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 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. Some account types cannot be grouped with any other account types including, for example, employee benefit plan accounts and irrevocable trusts. Other account types cannot be in the same BDP Pricing Group including, for example, 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 should consult with your Financial Advisor or Private Wealth Advisor 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 (for example, relating to type of accounts and assets) and method of calculating a BDP Pricing Group at any time, including the right to modify the definition of Total Deposit Balances without notice.

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 in the other Sweep Bank. For example, with respect to an AAA owned by an individual, if, at the end of a month, you maintain deposit balances of $245,000 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 to your Deposit Accounts at Morgan Stanley Private Bank, where, in this example, your Deposit Limit has yet to be reached. 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 to your Deposit Accounts at Morgan Stanley Bank so that no more than $245,000 is on deposit at Morgan Stanley Private Bank. In this example, Morgan Stanley would not, however, transfer to Morgan Stanley Private Bank the amount of any interest credited to your Deposit Accounts at Morgan Stanley Bank, since, for AAAs, no more than $245,000 can be deposited at Morgan Stanley Private Bank. Please refer to the "Deposit Procedures" section above for more information.

Fee to Morgan Stanley

The 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 Sweep Banks will review such fee annually and, if applicable, mutually agree upon any changes to the fee to reflect any changes in costs incurred by Morgan Stanley. The fee received by Morgan Stanley may affect the interest rate paid by the Sweep Banks on your Deposit Accounts. Your Financial Advisor or Private Wealth Advisor does not receive a credit on the average daily deposit balance in your Deposit Accounts, or a share of the fee paid by the Sweep Banks to Morgan Stanley. The asset-based fee charged for Managed Account assets does, however, include 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 as the investment adviser to the Sweep Fund. Morgan Stanley receives revenue-sharing compensation from MSIM based on the amount of Sweep Fund assets held by clients in Brokerage Accounts of up to 0.25% per year ($25 per $10,000 of assets). This fee is not assessed on positions held by clients in Managed Accounts.

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

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

Through the Program, each Sweep Bank will receive a stable, cost-effective source of funding. Each Sweep Bank intends to use deposits in the Deposit Accounts at the Sweep Bank to fund current and new businesses, including lending activities and investments. The profitability on such loans and investments is generally measured by the difference, or "spread," between the interest rate paid on the Deposit Accounts at the Sweep Bank and other costs of maintaining the Deposit Accounts, and the interest rate and other income earned by the Sweep Bank on those loans and investments made with the funds in the Deposit Accounts. The income that a Sweep Bank will have the opportunity to earn through its lending and investing activities may be 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.

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 must select an alternative sweep investment, if available, or use your free credit balances 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 Accounts at each Sweep Bank and the Sweep Fund. Your Account statement will also show activity with respect to your 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. Your Account statement will not show the movement of funds between the DDA account and the related MMDA at a Sweep Bank or among Sweep Banks. 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 the date the statement is mailed to you. Your Financial Advisor or Private Wealth Advisor 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.

Program Amendment and Additional Depository Institutions or Money Market Mutual Funds

Morgan Stanley, at its discretion, may modify the terms, conditions and procedures of the Program with 30 days' written notice. All such notices may be made by means of a letter, an entry on your Account statement 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 Sweep Banks or Sweep Funds may be removed. If Morgan Stanley adds depository institutions to the Program, adds money market mutual sweep funds or changes the deposit and withdrawal procedures, you will be notified prior to your funds being deposited with that depository institution, or swept into such fund, or the implementation of any change to the deposit and withdrawal procedures. In the event a depository institution is added to the Program, you authorize Morgan Stanley to withdraw funds from your Deposit Accounts at the 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 may 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, an entry on your Account statement or by other means. If Morgan Stanley changes the Deposit Limit pursuant to this paragraph, we may move your funds from one Sweep Bank to another Sweep Bank in order to reflect the change in the Deposit Limit.

If a Sweep Bank in which you have Deposit Accounts no longer makes the Deposit Accounts available through the Program, you will be notified by Morgan Stanley and given the opportunity to establish a direct depository relationship with the Sweep Bank (subject to its rules and requirements with respect to establishing and maintaining deposit accounts). The consequences of maintaining a direct depository relationship with a 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 and we are 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 and among Sweep Banks. 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 agent and custodian, and are not effected directly by you at the Sweep Banks. The Sweep Banks have, however, contractually agreed to provide certain individual account record-keeping for IRAs and ERISA Accounts to Morgan Stanley as a condition for participation in the Program. 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 and maintained on the account records of the Sweep Banks. Your Deposit Accounts at each Sweep Bank will be evidenced by records maintained by Morgan Stanley as your agent and custodian. We may, in our sole discretion, terminate your participation in the Program at any time upon written notice to you. Similarly, 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 can contact your Financial Advisor or Private Wealth Advisor to invest your funds in an alternative money market mutual fund, subject to eligibility.

If either we or you terminate your participation in the Program, you may request and establish a direct depository relationship with a Sweep Bank, subject to the Sweep Bank's rules and requirements with respect to establishing and maintaining accounts. This will result in your owning deposit accounts that are separate from your Account. We 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 Sweep Bank(s) through the Program and earning interest on the deposits in the Sweep Bank(s), you can contact your Financial Advisor or Private Wealth Advisor 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. We do 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 insurable capacity at the Sweep Bank. The Maximum Applicable Deposit Insurance Amount is currently $250,000 for all insurable capacities. Generally, any accounts or deposits that you may maintain directly with a Sweep Bank, or through any other intermediary in the same insurable capacity in which the Deposit Accounts are maintained, would be aggregated with the Accounts for purposes of the Maximum Applicable Deposit Insurance Amount. Your funds become eligible for that deposit insurance immediately upon deposit in a Deposit Account at a Sweep Bank. **Any deposits (including Certificate of Deposits (CDs)) that you maintain in the same insurable capacity directly with a Sweep Bank, or through an intermediary (such as Morgan Stanley or another broker), 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 deposit insurance coverage available to you. We are not responsible for any insured or uninsured portion of a Deposit Account at a Sweep Bank.**

In the event a Sweep Bank fails, the Deposit Accounts at the Sweep Bank are insured, up to the Maximum Applicable Insurance Limit, for principal and interest accrued to the day the Sweep Bank is closed. Under certain circumstances, if you become the owner of deposits at a Sweep Bank because another depositor dies, then beginning six months after the depositor's death, the FDIC will aggregate those deposits for purposes of the FDIC insurance limit with any other deposits that you own in the same insurable capacity at the Sweep Bank. Examples of deposit accounts that may be subject to this FDIC policy include joint accounts, "payable on death" accounts and certain trust accounts. The FDIC provides the 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 acquirer until the expiration of a six-month period from the date of the acquisition. Thereafter, any assumed Deposit Accounts will be aggregated with your existing deposits with the acquirer held in the same insurable capacity for purposes of federal deposit insurance. The application of the Maximum Applicable Insurance Limit is illustrated by several common factual situations discussed below.

Individual Accounts

Deposits of a Sweep Bank held by an individual in an account in the name of an agent or nominee of such individual (such as the Deposit Accounts) or held by a custodian (for example, under the Uniform Gifts to Minors Act or the Uniform Transfers to Minors Act) are not treated as owned by the agent, nominee or custodian, but are added to other deposits of such individual held in the same insurable capacity (including funds held in a sole proprietorship) and insured up to $250,000 in the aggregate.[4] Deposits held through a qualified tuition savings program (“529 Plan”) will be insured as deposits of the participant and aggregated with other deposits of the participant if the arrangement and the name of the participant are identified on Morgan Stanley’s account records.

Corporate, Partnership and Unincorporated Association Accounts

Deposits of a Sweep Bank owned by corporations (including Subchapter S corporations), partnerships and unincorporated associations, operated for a purpose other than to increase deposit insurance, are added together with other deposits owned by such corporation, partnership and unincorporated association, respectively, and are insured up to $250,000 in the aggregate. Deposits maintained by corporations operated solely to increase deposit insurance will not be separately insured.

Joint Accounts

An individual’s interest in deposits of a Sweep Bank held under any form of joint ownership valid under applicable state law may be insured up to $250,000 in the aggregate, separately and in addition to the $250,000 allowed on other deposits individually owned by any of the co-owners of such accounts. For example, a joint account owned by two persons would be eligible for insurance coverage of up to $500,000 at each Sweep Bank ($250,000 for each person), subject to aggregation with each owner’s interests in other joint accounts at the same Sweep Bank. Joint accounts will be insured separately from individually owned accounts only if each of the co-owners is an individual person and has a right of withdrawal on the same basis as the other co-owners.

Revocable Trust Accounts[4]

Deposits of a Sweep Bank held pursuant to a “revocable trust” are generally insured up to $250,000 per beneficiary if the beneficiary is a natural person, charity or other nonprofit organization. There are two types of revocable trusts recognized by the FDIC: informal and formal revocable trusts. The fact that an account is owned by a trust must be reflected in the account title for FDIC coverage to apply (e.g., “Smith Family Trust,” “John Smith TOD Jane Smith,” etc.). Informal revocable trusts include accounts in which the owner evidences an intent that, at his or her death, the funds shall belong to one or more specified beneficiaries. These trusts may be referred to as a “Totten trust” account, “payable upon death” account or “transfer on death” account. Each beneficiary must be included in the firm’s account records to be insured by the FDIC. Formal revocable trusts are written trust arrangements in which the owner retains ownership and control of the assets and designation of beneficiaries during his or her lifetime. The trusts may be referred to as “living” or “family” trusts. The beneficiaries of a formal revocable trust do not need to be included in the firm's account records to be insured by the FDIC, although they must be clearly stated in the trust documentation.

Under FDIC rules, FDIC coverage for each revocable trust account owner is $250,000 per beneficiary, regardless of the proportional interest of the beneficiary in the revocable trust, if the trust has no more than five named beneficiaries and deposit balances of no more than $1,250,000 at a Sweep Bank. If the revocable trust has more than five named beneficiaries and more than $1,250,000 in deposits per trust account owner at a Sweep Bank, the funds will be insured for the greater of $1,250,000 or the aggregate amount of all beneficiaries' proportional interest, limited to $250,000 per beneficiary, for each account owner. Revocable trust accounts are insured separately from the deposits of the account owner in his or her individual capacity. Deposits in all revocable trusts of the same owner — informal and formal — at the same Sweep Bank will be aggregated for insurance purposes. A revocable trust established by two owners, where the owners are the sole beneficiaries, will be treated as a Joint Account under applicable rules and will be aggregated with their other Joint Accounts.

Irrevocable Trust Accounts and CESAs[4]

Deposits of a Sweep Bank held pursuant to one or more irrevocable trust agreements created by the same grantor (as determined under applicable state law) will be insured for up to $250,000 for the interest of each beneficiary provided that the beneficiary's interest in the account is noncontingent (i.e., capable of determination without evaluation of contingencies).

According to the FDIC, CESAs will be treated as irrevocable trust accounts for deposit insurance purposes. The deposit insurance of each beneficiary's interest is separate from the coverage provided for other accounts maintained by the beneficiary, the grantor, the trustee or other beneficiaries. The interest of a beneficiary in irrevocable trust accounts at a Sweep Bank created by the same grantor will be aggregated and insured up to $250,000.

Retirement Plans and Accounts

The Maximum Applicable Insurance Limit for deposits of a Sweep Bank that are held through one or more retirement plans and accounts will vary depending on the type of plan or account and, in some cases, the features of the plan or account. The following sections discuss in general terms the rules that apply to deposits held through retirement plans and accounts. These rules determine the Maximum Applicable Insurance Limit available to you and whether your deposits at a Sweep Bank held through different retirement plans and accounts will be aggregated for purposes of that Limit. It is important to understand the type of plan or account holding your deposits.

IRAs and Certain Retirement Plans

The retirement plans and accounts described below are eligible for a Maximum Applicable Insurance Limit of $250,000. All deposits held by you through such plans and accounts will be aggregated for purposes of the Limit. This means all deposits of a Sweep Bank that you hold through the plans and accounts described below will be eligible for insurance up to a total of $250,000. For example, if you hold $150,000 in an IRA and $150,000 in a self-directed 401(k) account at the same Sweep Bank, you will have $50,000 in uninsured deposits.

- IRAs. All deposits of a Sweep Bank held in IRAs will be aggregated for purposes of the Maximum Applicable Insurance Limit and will be further aggregated with deposits held through other plans described in this section.

- Section 457 Plans. These plans include any eligible deferred compensation plan described in Section 457 of the IRC.
- Self-Directed Keogh and 401(k) plans. Deposits held in any plan described in Section 401(d) of the IRC, generally referred to as Keogh plans, and in any plan described in Section 3(34) of ERISA, including, but not limited to, plans generally referred to as Section 401(k) plans, must be "self-directed" as defined by the FDIC.

All Other Retirement Plans

Subject to the limitations discussed below, under FDIC regulations, an individual's noncontingent interests in the deposits of a Sweep Bank held by many types of plans are eligible for insurance up to the Maximum Applicable Insurance Limit on a pass-through basis. The types of plans for which deposits may receive pass-through treatment are employee benefit plans, as defined in Section 3(3) of ERISA (including Keogh plans, whether or not they are technically "employee benefit plans" under ERISA), and eligible deferred compensation plans, described in Section 457 of the IRC, that do not meet the FDIC's "self-directed" criteria. For purposes of Section 3(3) of ERISA, employee benefit plans are broadly defined to include most employee benefit plans, including most defined benefit plans and most defined contribution plans.

Pass-through insurance means that instead of a plan's deposits at one Sweep Bank being entitled to only the Maximum Applicable Insurance Limit in total per Sweep Bank, each participant in the plan is entitled to insurance of his or her noncontingent interest in the plan's deposits of up to the Maximum Applicable Insurance Limit per Sweep Bank (subject to the aggregation of the participant's interests in different plans maintained by the same employer or employee organization, e.g., unions). The pass-through insurance provided to an individual as a plan participant is separate from the Maximum Applicable Insurance Limit allowed on other deposits held by an individual in different insurable capacities with the Sweep Bank. For example, a participant's noncontingent $250,000 interest in an employee benefit plan would be insured separately from a $250,000 CD that participant may hold at the same Sweep Bank in his or her individual capacity.

If a deposit held by a plan is eligible for pass-through insurance, the plan is not necessarily insured for an amount equal to the number of plan participants multiplied by the Maximum Applicable Insurance Limit. For example, an employee benefit plan has $500,000 in its Deposit Account at one Sweep Bank and the participants are thus eligible for up to $250,000 per plan beneficiary. If the employee benefit plan has two participants, one with a noncontingent interest of $320,000 and one with a noncontingent interest of $180,000, the plan's deposit would be insured up to only $430,000. The individual with the $320,000 interest would be insured up to the $250,000 limit and the individual with the $180,000 interest would be insured up to the full value of such interest.

The contingent interests of employees in an employee benefit plan and overfunded amounts attributed to any employee benefit plan are not insured on a pass-through basis. Contingent interests of employees in an employee benefit plan are interests that are not capable of evaluation in accordance with FDIC rules and are aggregated and insured up to the Maximum Applicable Insurance Limit per Sweep Bank. Similarly, overfunded amounts are insured, in the aggregate for all participants, up to the Maximum Applicable Insurance Limit separately from the insurance provided for any other funds owned by or attributable to the employer or an employee benefit plan participant. However, under FDIC regulations, an individual's interests in plans maintained by the same employer or employee organization (e.g., a union) which are holding deposits of the same Sweep Bank will be aggregated for purposes of the Maximum Applicable Insurance Limit.

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 insurable capacity, 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. 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 Deposit 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 insurable 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 federal deposit insurance payments. Furthermore, you may be required to provide certain documentation to the FDIC or to us 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 depository institution is closed until insurance payments are received. In addition, we are not obligated to credit your Account with funds in advance of payments received from the FDIC.

If your Deposit Accounts at a Sweep Bank or other deposits at the 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 acquirer 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 period from the date of the acquisition. Thereafter, any assumed deposits will be aggregated with your existing deposits with the acquirer held in the same capacity for purposes of federal deposit insurance. Any deposit opened at the acquirer after the acquisition will be aggregated with deposits established with the acquirer for purposes of federal deposit insurance.

Please note that if your Deposit Accounts at a Sweep Bank are assumed by another depository institution, or federal deposit 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 not be obligated to you for amounts not covered by deposit insurance nor will Morgan Stanley be obligated to make any payments to you in satisfaction of a loss you might incur as a result of (i) a delay in insurance payouts applicable to the Deposit Accounts or (ii) uninsured amounts. Also, we will not be obligated 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 your Financial Advisor or Private Wealth Advisor. 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 SIPC or any excess coverage purchased by Morgan Stanley.

Money market mutual funds and uninvested cash are covered by the Securities Investor Protection Corporation (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 we hold in custody (stocks, bonds, notes) up to $500,000 per client capacity (e.g., individual, joint) of which $250,000 may be cash. Money market mutual funds receive SIPC coverage as securities, not as cash. Funds in the BDP are covered by FDIC insurance, not SIPC. Additional information about SIPC is available at www.sipc.org.

Morgan Stanley has also obtained private insurance in excess of SIPC coverage, which provides an additional $1 billion coverage on an aggregate basis to cover shortfalls if basic SIPC coverage is insufficient as a result of breach of securities rules or physical loss or damage to customer assets. This coverage is subject to a 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 net-equity 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. Clients may obtain a more complete and definitive description of SIPC protection by visiting www.sipc.org.

An investment in a money market mutual fund is not insured or guaranteed by the FDIC or any other government agency. Although a retail or U.S. government securities money market mutual fund seeks to preserve the value of your investment at $1.00 per share, it is possible to lose money by investing in a money market mutual fund.

An investor should consider the investment objectives, risks, and charges and expenses of a money market mutual fund(s) carefully before investing. A prospectus, which contains this and other important information about the money market mutual fund(s), may be obtained from your Financial Advisor or from Morgan Stanley Investment Management at http://www.morganstanley.com/im/en-us/individual-investor.html. Please read the prospectus carefully before investing or sending money.

[1] Free credit balance 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. Free credit balances are referred to in this Disclosure Statement as "cash" or "available cash."

[2] Includes the Traditional, SEP, SAR-SEP, SEP Traditional, Rollover, Rollover Combined, ROTH and SIMPLE Individual Retirement Accounts.

[3] 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) or 457 plans sponsored by governmental or certain charitable employers).

[4] All trust accounts have a $245,000 Deposit Limit.

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.

CS 9176294 03/18