E*TRADE from Morgan Stanley

# Important Account Information for Self-Directed Accounts

Please read this booklet carefully and retain for your records

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# General Information

If you are considering opening a Self-Directed Account with Morgan Stanley or already have a Self-Directed Account with Morgan Stanley, this booklet, in conjunction with the E*TRADE from Morgan Stanley Client Agreement for Self-Directed Accounts (the "Self-Directed Client Agreement") and all other applicable agreements and disclosures included on the E*TRADE from Morgan Stanley websites and platforms, will govern your relationship with Morgan Stanley and/or its direct or indirect subsidiaries, including all Self-Directed Account(s) that you, in all capacities, open or maintain now or in the future. It contains important information regarding your Self-Directed Account(s). Certain disclosures and/or sections of this booklet may not apply to all of your Self-Directed Accounts, depending on the type of Self-Directed Account(s) that you have opened and/or the services that you have elected to receive. We request that you carefully read this booklet and all other documents provided to you. **Please note, this booklet does not apply to any full-service accounts you may have with Morgan Stanley. Full-service accounts are generally those serviced by one or more Financial Advisors.**

Note for International Clients: The information in this booklet is required by law and is not a promotion or solicitation of Morgan Stanley's products and services. Further, not all products and services are available to all non-U.S. residents.

References to "MSSB," "Morgan Stanley," "Morgan Stanley Wealth Management," "E*TRADE from Morgan Stanley," "we," "us" or "our" refer to Morgan Stanley Smith Barney LLC.

The words "you," "your," "yours" and "client" refer to the account owner(s).

Clients may find answers to their questions by accessing the online resources available on etrade.com or by contacting Customer Service at 800-ETRADE-1 (800-387-2331).

All defined terms shall have the same meaning as set forth in the E*TRADE from Morgan Stanley Client Agreement for Self-Directed Accounts.

Morgan Stanley may amend provisions of this booklet at any time subject to applicable law. Except as otherwise indicated, any amendment will be effective as of the designated effective date and posted to etrade.com when made, and such posting shall constitute proper notice to you. If you continue to maintain your Self-Directed Account(s) with Morgan Stanley after such notice, you will be deemed to have accepted such changes.

# U.S. Consumer Privacy Notice

**September 2023**

| FACTS | WHAT DOES MORGAN STANLEY DO WITH YOUR PERSONAL INFORMATION? |
|---|---|
| **Why?** | Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share and protect your personal information. Please read this notice carefully to understand what we do. |
| **What?** | The types of personal information we collect and share depend on the product or service you have with us. This information can include:<br>• Social Security number and income<br>• account balances and transaction history<br>• credit history and assets |
| **How?** | All financial companies need to share customers' personal information to run their everyday business. In the section below, we list the reasons financial companies can share their customers' personal information; the reasons Morgan Stanley chooses to share; and whether you can limit this sharing. |

| Reasons we can share your personal information | Does Morgan Stanley share? | Can you limit this sharing? |
|---|---|---|
| **For our everyday business purposes—** such as to process your transactions, maintain your account(s), respond to court orders and legal investigations, or report to credit bureaus | Yes | No |
| **For our marketing purposes—** to offer our products and services to you | Yes | No |
| **For joint marketing with other financial companies** | Yes | No |
| **For our affiliates' everyday business purposes—** information about your transactions and experiences | Yes | No |
| **For our affiliates' everyday business purposes—** information about your creditworthiness | Yes | Yes* |
| **For our affiliates to market to you** | Yes | Yes* |
| **For nonaffiliates to market to you** | No | We don't share |

| | |
|---|---|
| **To limit our sharing** | Call the applicable toll-free number(s) or visit the applicable website:<br>**Morgan Stanley General Number:** 1-866-227-2256<br>**Morgan Stanley Home Loans Only:** 1-855-646-6951<br>**E*TRADE from Morgan Stanley Customer Service:** 1-800-387-2331<br>**Solium Capital ULC, Solium Capital LLC, and Solium Plan Managers LLC:**<br>Visit https://shareworks.solium.com/solium/servlet/ui/profile/settings<br>(Please log into your Shareworks participant account and go to your Personal Profile to make changes)<br>**Please note:**<br>If you are a *new* customer, we can begin sharing your information 30 days from the date we sent this notice. When you are *no longer* our customer, we continue to share your information as described in this notice. However, you can contact us at any time to limit our sharing. |

| | |
|---|---|
| **QUESTIONS?** | Call toll-free:<br>Morgan Stanley customers: (866) 227-2256; Home Loans customers: (855) 646-6951; E*TRADE from Morgan Stanley customers: (800) 387-2331; Shareworks by Morgan Stanley customers: (877) 380-7793 |

| WHO WE ARE | |
|---|---|
| **Who is providing this notice?** | Morgan Stanley Smith Barney LLC, Morgan Stanley Private Bank, National Association, Morgan Stanley Bank, N.A. and their affiliates that use the names E*TRADE and Solium |

| WHAT WE DO | |
|---|---|
| **How does Morgan Stanley protect my personal information?** | To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer safeguards and secured files and buildings. We have policies governing the proper handling of customer information by personnel and requiring third parties that provide support to adhere to appropriate security standards with respect to such information. |
| **How does Morgan Stanley collect my personal information?** | We collect your personal information, for example, when you<br>• seek advice about your investments or make deposits or withdrawals from your account<br>• give us your income information or give us your contact information<br>• provide account information<br>We also collect your personal information from others, such as credit bureaus, affiliates or other companies. |
| **Why can't I limit all sharing?** | Federal law gives you the right to limit only<br>• sharing for affiliates' everyday business purposes—information about your creditworthiness<br>• affiliates from using your information to market to you<br>• sharing for nonaffiliates to market to you<br>State laws and individual companies may give you additional rights to limit sharing. See below for more on your rights under state law. |
| **What happens when I limit sharing for an account I hold jointly with someone else?** | Your choices will apply to everyone on your account. |

| DEFINITIONS | |
|---|---|
| **Affiliates** | Companies related by common ownership or control. They can be financial and nonfinancial companies.<br>• *Our affiliates include companies with a Morgan Stanley name such as Morgan Stanley & Co. LLC and Morgan Stanley Investment Management; companies with a Solium name such as Solium Capital ULC, Solium Plan Managers LLC and Solium Capital LLC; and companies with an E*TRADE name such as E*TRADE Securities LLC, E*TRADE Financial Corporate Services, Inc. and E*TRADE Futures, LLC.* |

| DEFINITIONS | |
|---|---|
| **Nonaffiliates** | Companies not related by common ownership or control. They can be financial and nonfinancial companies.<br>• *Morgan Stanley does not share with nonaffiliates so they can market to you.* |
| **Joint marketing** | A formal agreement between nonaffiliated financial companies that together market financial products or services to you.<br>• *Our joint marketing partners include credit card companies and other financial services companies.* |

| OTHER IMPORTANT INFORMATION |
|---|
| *Please note that if you choose to limit sharing "**For our affiliates' everyday business purposes—**information about your creditworthiness" OR "**For our affiliates to market to you**" we will limit sharing for both categories.<br>**Vermont:** Except as permitted by law, we will not share personal information we collect about Vermont residents with non-affiliates or information about your creditworthiness with affiliates, unless you provide us with your written consent to share such information. Please send written consent to Morgan Stanley, Client Correspondence Department, P O Box 95002 95002, South Jordan, UT 84095.<br>**California:** Except as permitted by law, we will not share personal information we collect about California residents with non-affiliates, and we will limit sharing such personal information with our affiliates to comply with California privacy laws that apply to us.<br>**Texas:** If you have a complaint regarding money transmission activity by E*TRADE Financial Corporate Services, Incorporated Inc., first contact customer service at 844-472-3434. If you still have an unresolved complaint, please direct your complaint to: Texas Department of Banking, 2601 North Lamar Blvd, Austin, Texas 78705, 1-877-276-5554 (toll free), www.dob.texas.gov. |

# Brazilian Data Protection Notification

Consumers located in Brazil have been granted additional data privacy rights through a law titled Lei Geral de Proteção de Dados Pessoais, most commonly known by the Portuguese acronym "LGPD." Brazilian consumers can review the Data Protection Notification, available at http://www.morganstanley.com.br/prospectos/Notifica_LGPD_Bicolunada_Site.pdf ("Notification"), to understand what personal data we process, the purposes of the processing, who has access to the personal data and the rights individuals may have in relation to their personal data. The Notification will form part of our terms of business and any other similar agreements between us that fall within the scope of the LGPD. The Notification will apply from the date the LGPD entered into force and will apply to any personal data that is processed by Morgan Stanley in relation to you and your affiliates, as applicable. Accordingly, please ensure that you share the Notification with your impacted affiliated companies, if any.

# "Do Not Call" Information for Nevada Residents

Morgan Stanley Smith Barney LLC is providing this notice to you pursuant to Nevada law. You may choose to place your residential telephone number on our internal "Do Not

Call" list by contacting Customer Service at 800-387-2331. You may direct any inquiries regarding this notice to the Customer Service team. You may obtain further information by contacting: Bureau of Consumer Protection, Office of the Nevada Attorney General, 555 E. Washington Ave., Suite 3900, Las Vegas, NV 89101; phone 1-702-486-3132; email BCPINFO@ag.state.nv.us.

## Call Recording Notice

Morgan Stanley or its affiliates may record calls to the extent permissible under applicable law, regulation or rule made to or by Morgan Stanley or its affiliates for quality control, training, and compliance purposes. By communicating with Morgan Stanley or its affiliates, you consent to the voice recording of your conversations with personnel of Morgan Stanley and its affiliates. Unless otherwise agreed to in writing, Morgan Stanley does not consent to the recording of telephone conversation by your or any third party.

## Notices and Other Communications

You agree to review all notices and other communications from us immediately upon receipt, whether delivered to you electronically, by interactive voice response, by postal mail, or posted to etrade.com or otherwise.

Information about how Morgan Stanley and its affiliates collect, process, use, retain and disclose your personal information and your rights with respect to your personal information is located in the U.S. Consumer Privacy Notice and the Gramm-Leach-Bliley Act Consumer Privacy Notice for Wealth Management (together, the "Privacy Notice"), available at https://www.morganstanley.com/privacy-pledge. You understand that Morgan Stanley and its affiliates reserve the right to amend the Privacy Notice at any time in accordance with its terms and applicable law. You further understand that any changes are effective as of the date that the Privacy Notice is posted to etrade.com and that such posting will constitute proper notice. You agree that by continuing to maintain your Self-Directed Account(s) you are accepting the terms of the Privacy Notice as amended and are legally bound by such amended terms and conditions.

You agree to receive updates to the Privacy Notice via etrade.com. In accordance with the Gramm–Leach–Bliley Act, Morgan Stanley satisfies its obligation to annually deliver the Privacy Notice, as applicable, by posting it to etrade.com.

We will forward to you any notices and other communications relating to your account, including the Client Relationship Summary, prospectuses, and, where required by applicable law, any proxy materials, annual reports, notices of meetings and other material furnished to us by issuers whose securities you own, by sending such notices and other communications to the postal or electronic address that you have specified. Such notices are deemed to constitute good and effective delivery to you or your authorized agent when sent by us whether or not actually or timely received or accessed, unless we receive actual notice to the contrary (by rejected email delivery notice or returned mail from the U.S. Postal Service).

You agree to read the notices posted to the electronic message box for your account at etrade.com and to notify us immediately of any change to the postal or electronic address you have specified. Certain notices and communications may also be provided to you orally. Such notices left by voicemail or otherwise will be deemed to have been delivered whether or not actually received. You agree to waive all claims resulting from any failure to receive the notices and communications. Certain communications to be sent to multiple persons with the same last name at a single address may be satisfied by delivery of a single communication to that address, subject to applicable law. Communications sent to you shall be deemed to satisfy delivery to an authorized agent unless you request in writing that an authorized agent receive notices and communications.

# Use of Telephone Numbers

By providing Morgan Stanley and its affiliates with any telephone number, you are expressly consenting to Morgan Stanley, its affiliates and its service providers contacting you at that number. You consent to Morgan Stanley and its affiliates contacting your past, present and future phone service providers to verify information you provided against the records of the service provider; you also consent to the service providers verifying any phone numbers you have supplied with the name, address and status on your records. For Morgan Stanley to service your account or collect any amounts that you may owe, you agree that Morgan Stanley may contact you using any contact information related to your account, including any number (i) provided by you, (ii) from which you have contacted Morgan Stanley, or (iii) that Morgan Stanley obtained and reasonably believes may be a means of contacting you.

Morgan Stanley and its service providers may use any means to contact you, including automated dialing devices ("Autodialers"), prerecorded or artificial voice messages, mail, email, text messages, and calls to your mobile phone or Voice over Internet Protocol service, or any other data or voice transmission technology. You may be responsible for any service provider charges as a result of such contact.

By providing a mobile phone number to Morgan Stanley or when contacting Customer Service to request assistance with certain transactions, you authorize your wireless operator (e.g., AT&T, Sprint, T-Mobile, U.S. Cellular, Verizon or any other branded wireless operator (together "Wireless Operator")) to use your mobile phone number, name, address, email address, network status, client type, client role, billing type, mobile device identifiers (i.e., International Mobile Subscriber Identity and International Mobile Equipment Identity) and other subscriber status details, if available, to allow verification of your identity and to compare information that you have provided to Morgan Stanley with your Wireless Operator account profile information for the duration of the business relationship.

# Fraud-Related Alerts

As part of its efforts to safeguard client accounts, Morgan Stanley may send alerts to your mobile phone related to potentially fraudulent or suspicious activity. By providing a mobile phone number to Morgan Stanley, you expressly consent to receiving alerts about potentially fraudulent or suspicious activity by prerecorded or artificial voice message and/or text message, including via the use of an Autodialer, at any mobile phone number that you provide. You may opt out of these alerts by replying "STOP" from your mobile phone, which revokes your consent to receive fraud-related alerts to that mobile phone but does not revoke any other consent that you may have provided. You may obtain help by replying "HELP" from your mobile phone or by contacting Customer Service at 800-ETRADE-1 (800-387-2331) for domestic callers or +1 678 624 6210 for international callers. This program is free to you. Message frequency is based on your profile.

Morgan Stanley does not use SMS text messages associated with fraud-related alerts to contact you for debt collection purposes. You agree that neither Morgan Stanley nor its service providers is liable for any delays, failure to deliver or misdirected delivery of any communication; for any errors in the content of a communication; or for any actions taken or not taken by you or any third party in reliance on a communication.

# Monitoring Your Use of the Self-Directed Account

We may monitor and make a record of your use of your Self-Directed Account and any other communications between us and you, and we may use the resulting information for internal purposes or as may be required by applicable law.

# Personal Information

The respective rights and responsibilities of Morgan Stanley and its affiliates and you regarding the collection, processing, use, retention and disclosure of your personal information and your rights with respect to such information are set forth in the U.S. Consumer Privacy Notice published on etrade.com, as amended from time to time. Such rights and responsibilities are further defined by applicable law. In the event of any controversy regarding Morgan Stanley's collection, processing, use, retention or disclosure of any information about you, you agree that your remedies are expressly limited to those specifically provided by applicable law.

You expressly authorize Morgan Stanley and its affiliates, at any time and without notifying you, to obtain reports and any other such information that may be available from public or proprietary sources concerning, among other things, your credit standing, credit capacity, credit payment history (including without limitation any bankruptcy filing), criminal history, business conduct, character, general reputation, personal characteristics or mode of living, or any other such information ("Consumer Reports") that Morgan Stanley, in its good-faith discretion, deems material to, among other things, the maintenance of your account; determinations with respect to extensions of credit; and the provision or restriction of any service provided to you.

Morgan Stanley, on written request, will advise you whether it obtained Consumer Reports and, if so, will provide the name and address of the reporting agency that furnished the reports. In addition, you understand that Morgan Stanley and its affiliates reserve the right to report to consumer and securities credit-reporting agencies any debit balance or negative credit information pertaining to any account held by you with us.

You agree that Morgan Stanley may share credit bureau information and any other personal information that it obtains with its affiliates and with unaffiliated third parties in accordance with the U.S. Consumer Privacy Notice published on etrade.com.

Morgan Stanley will notify you of any Adverse Action taken with respect to your account in a manner consistent with the requirements of the Fair Credit Reporting Act, where the term "Adverse Action" has a meaning consistent with the definition of such term in the Fair Credit Reporting Act and which, for the purposes of your account and the Service provided, includes any restriction on or termination of the account, requests for repayment of credit previously extended or refusal of further credit extensions, increases in fees or interest or other charges, or any other action that has a negative impact on you, in each case that is based in whole or in part on the Consumer Reports.

# Conflicts of Interest and Other Information

Similar to other global financial service providers, Morgan Stanley faces conflicts of interest in the normal course of business. While certain conflicts of interests exist, we have taken a variety of steps through policies, procedures and/or oversight that are reasonably designed to manage them effectively. In addition, we expect all of our employees to maintain the highest standards of ethical behavior in dealing with our clients. This high-level summary is not intended to be inclusive of all conflicts of interest that might exist with respect to a particular transaction. Additional information may be provided in the Client Relationship Summary, product prospectuses, trade confirmations, and offering or marketing materials. Please see the product-specific sections of this document or contact Customer Service at 800-ETRADE-1 (800-387-2331) if you have any questions.

### *I. HOW WE INTERACT WITH YOU AND YOUR SELF-DIRECTED BROKERAGE ACCOUNT*

We do not provide recommendations with respect to Self-Directed accounts. However, we offer a number of different products and services and may make you aware of these through marketing or other communications. We earn different amounts of compensation depending on the products and services you choose. This creates a conflict of interest as we earn more if you choose products or services that pay us more.

**REFERRAL AND OTHER EMPLOYEE COMPENSATION**

Some employees of Morgan Stanley receive compensation for referring clients and prospective clients (including self-directed clients) to Financial Advisors who may recommend various products and services to you, which will also result in conflicts of interest. If you have an Active Trader Consultant assigned to your account that employee will earn compensation that is calculated in part based on the level and amount of your trading.

**FINANCIAL ADVISOR AND BRANCH MANAGER COMPENSATION**

We make more money if your assets are not in Self-Directed Accounts but instead are held in accounts serviced by a Morgan Stanley Financial Advisor or Morgan Stanley Virtual Advisor. Should you be eligible and choose to establish a relationship with a Morgan Stanley Financial Advisor, you should be aware that the compensation structure for Financial Advisors and Branch Managers results in conflicts of interest between clients and Financial Advisors and Branch Managers that may be different than the conflicts described above. For more information about conflicts of interest related to Financial Advisor and Branch Manager compensation please review the Important Account Information for Full-Service Accounts booklet at www.morganstanley.com/iai.

## *II. MORGAN STANLEY REVENUE ARRANGEMENTS*

The ways that Morgan Stanley and its affiliates generate revenue result in conflicts of interest between clients and Morgan Stanley in certain situations.

The revenue Morgan Stanley and its affiliates earn from a client's transactions or assets varies based on a number of factors, including Morgan Stanley's or its affiliates' role, the type of products or services selected, method of distribution, whether the transaction is in the primary or secondary market, where the order is routed for execution, whether Morgan Stanley or any of its employees are eligible to receive a referral fee, revenue sharing or other compensation from an affiliate or a third party, whether a product or service is provided by Morgan Stanley or a third party, and, in certain cases, which third party is providing the product or service to the investor as different third parties compensate Morgan Stanley at different rates for comparable products and services.

Morgan Stanley and its affiliates generally earn more revenue on the sale to a client of a proprietary product (a product that is managed, issued, underwritten, placed or sponsored by Morgan Stanley or any of its affiliates) or proprietary service as compared to a third-party product or service. For certain products and services offered or available to clients, Morgan Stanley or its affiliates are the primary or the only source or provider of such products, services or secondary market liquidity for such products and can control the price of, or rate charged on, such products or services. When acting as index sponsor or calculation agent, we may engage in activities that may present conflicts of interest and that may affect the level of the index, including: transactions involving index components; providing banking, advisory or other services to issuers of index components; and issuing derivatives or engaging in hedging transactions in respect of index components.

As a result, Morgan Stanley has a financial interest when clients choose those types of products or services, or those suppliers of products and services (including Morgan Stanley itself), that generate more revenue for Morgan Stanley or its affiliates.

## *III. ADDITIONAL PAYMENTS FROM THIRD PARTIES AND AFFILIATES*

Clients may purchase products and services provided by Mutual Fund companies and other product providers (including Morgan Stanley and its affiliates). In addition to revenue-sharing arrangements between these providers and Morgan Stanley (see Section II above), some suppliers pay additional compensation to Morgan Stanley in exchange for sales data analytics and provide reimbursement for education and training expenses for Morgan Stanley employees, and/or clients. This creates an incentive for Morgan Stanley to offer products or services from the providers that make these additional payments to Morgan Stanley, rather than from providers that do not or that pay a lower amount.

## IV. AFFILIATES' TRADING AND OTHER ACTIVITIES

Morgan Stanley is part of a global financial services firm and, together with our affiliates, Morgan Stanley is engaged in the investment banking, securities and investment management, and lending businesses. As part of these businesses, we are engaged in a variety of services, such as securities underwriting, distribution, trading and brokerage activities, lending, foreign exchange, commodities and derivatives trading, prime brokerage, and private placement as well as providing investment banking, financing and financial advisory services. In connection with these various activities, certain conflicts of interest arise in certain situations.

*Trading Activities*

Orders for certain transactions may be referred, introduced or routed through an affiliate of Morgan Stanley and could generate additional revenue for Morgan Stanley from third parties, through payment for order flow or other compensation arrangements. Trades can also be routed to facilities, exchanges or venues in which Morgan Stanley has a financial interest. When executing a securities transaction at the request of a client, the timeliness or speed with which the trade is completed, and/or the price at which the trade is executed, could negatively impact the investor while positively impacting Morgan Stanley, its employees or another Morgan Stanley client.

Morgan Stanley's, its employees' and its affiliates' trading patterns, including (among other things) trading and hedging activities, and its and their facilitation of their clients' trading and hedging activities, may negatively impact the price, rate charged or payable on, or availability of securities or positions that a client holds, or would like to hold.

As part of its trading or Investment Management activities Morgan Stanley or its affiliates may hold a security that is also held by a client, but the two parties may have conflicting interests in the direction of price movements (e.g., Morgan Stanley is net short a stock while the investor is net long). In addition, Morgan Stanley or its affiliates may take a position with respect to a corporate action, such as a bankruptcy, reorganization or other voting matter; serve on a creditor's committee; or hold another position of influence that conflicts with the interests of investors. Morgan Stanley and its affiliates may also be involved in regulatory and industry initiatives that impact clients directly or indirectly. For example, affiliates of Morgan Stanley participate on central bank committees that are selecting alternative benchmark interest rates and developing transition plans for trading these new rates.

Certain products are subject to availability, which may not meet client demand. In situations where a limited quantity of a product or security is available, for example initial public offerings and other syndicated transactions, Morgan Stanley must decide to which investor a particular product is offered, resulting in conflicts between Morgan Stanley's clients. These decisions may be based on a number of factors including the amount of revenue generated by a particular client for Morgan Stanley.

Content generation and ideas for trades and other investment activities may in some cases be produced by areas within the Firm that hold positions or engage in other investment activities that are the subject of the content and trade or other investment ideas.

*Investment Banking and Underwriting Activities*

Morgan Stanley's affiliates provide investment banking and other services to a wide variety of clients. Investors may hold securities of these clients and Morgan Stanley may offer these securities for purchase and may earn additional compensation as a result.

These activities may occur while affiliates of Morgan Stanley are assisting the issuers of those securities in connection with transactions that may adversely impact investors' transactions in those securities.

Where Morgan Stanley or an affiliate is underwriting or distributing a particular offering, Morgan Stanley may be incentivized to approve securities for distribution to clients in support of its affiliate's client business or recommend securities transactions to assist its affiliate in selling an offering that is undersubscribed.

There may be periods during which Morgan Stanley is not permitted to recommend or initiate certain types of transactions in the securities of issuers for which Morgan Stanley or its affiliates are providing broker-dealer or investment banking services or where Morgan Stanley or its affiliates have material non-public information about such issuers.

*Syndicate Offerings*

Securities available in syndicate offerings, including shares in Initial Public Offerings (IPOs), are often limited. Given the limited availability of some offerings, many clients will not have an opportunity to invest in these syndicated offerings (or, if they do, they generally will receive smaller allocations than they requested). Accordingly, if a client submits an offer to purchase securities in a syndicate offering, Morgan Stanley is not obligated to accept the offer or allocate securities to the client.

*Investment Management Activities*

In connection with its Investment Management business, affiliates of Morgan Stanley may hold positions in securities that are also held in client accounts. The investor and Morgan Stanley's affiliates may have different interests in the direction of price movements in these securities (e.g., Morgan Stanley is long a stock, but investor is short the same stock).

*Research Activities*

Morgan Stanley and its affiliates do and seek to do business with companies and funds covered by its Research Departments. As a result, clients should be aware that Morgan Stanley and/or its affiliates have a conflict of interest that could affect the objectivity of its research and other investment materials. In addition, research, content and ideas for trades and other investment activities are generated by Morgan Stanley's or its affiliates' Research Departments, sales and trading personnel, and WM Global Investment Office. Morgan Stanley or its affiliates could hold positions or engage in other investment activities that are the subject of the content, resulting in Morgan Stanley's disseminating to its clients research or trading ideas or strategies that, if acted upon by clients, may benefit Morgan Stanley's or its affiliates principal trading, investment banking or investment management activities, as applicable.

*Cash Management and Lending Activities*

Morgan Stanley and its affiliates offer cash management and lending products and services to its clients. Clients engaging with securities-based lending products have the opportunity to preserve their investment portfolios pledged as collateral while obtaining competitive interest rates on funds borrowed (subject to risks of market fluctuation and maintenance calls). Morgan Stanley and its affiliates receive financial benefits in connection with the Bank Deposit Program that may be greater than the fees earned by Morgan Stanley and its affiliates from managing and distributing other options available to you as a sweep investment.

## V. OUTSIDE BUSINESS ACTIVITIES AND INVESTMENTS, GIFTS, AND ENTERTAINMENT

Morgan Stanley employees, including Financial Advisors, could engage in outside business activities and investments or have outside or pre-existing relationships with product or service providers that conflict with their job responsibilities or that could influence recommendations Financial Advisors make to clients. In addition, employees may receive (in amounts subject to Morgan Stanley policy), gifts, entertainment or reimbursement of certain training and education expenses from third-party product or service providers, creating an incentive to promote the products or services of those providers. Employees may also receive gifts or entertainment from clients, creating a potential incentive to provide preferential treatment to the gifting client over others.

# Understanding Your Brokerage and Investment Advisory Relationships

Depending on your needs and your investment objectives, Morgan Stanley may assist you with brokerage services, investment advisory services or both. There are important differences between brokerage and advisory accounts, including their costs, the services we provide and the rules that govern them. You should carefully consider these differences when deciding which type, or combination of types, of services and accounts are right for you. Please visit https://www.morganstanley.com/wealth-relationshipwithms/pdfs/understandingyourrelationship.pdf to learn more about these differences.

For information related to conflicts of interest within Morgan Stanley's investment advisory programs, please refer to the ADV Brochure for your specific program. ADV Brochures can be found at http://www.morganstanley.com/adv.

### *OTHER INFORMATION*

The Morgan Stanley Bank Deposit Program ("BDP") will be your only sweep investment option for both brokerage and investment advisory accounts, except in very limited circumstances. We and our sweep bank affiliates derive financial benefits from those deposits.

**Supplementing, clarifying and updating these written disclosures:** The disclosures contained within this Important Account Information booklet for Self-Directed Accounts may be supplemented or clarified with additional information from time to time. For example, additional information may be provided before or after a product purchase in a prospectus or trade confirmation. Or, product information may be contained in point-of-sale disclosure documents that will be provided you at the time you purchase a product.

# Electronic Delivery (eDelivery)

By agreeing to eDelivery on the Self-Directed Account Application, you understand and agree that you are enrolling in eDelivery and providing your informed and positive consent to receive eligible eDelivery Documents electronically by receiving notifications at the email address you provide. Documents may include, but are not limited to, general correspondence, account statements, transaction confirmations, prospectuses, proxy solicitations, performance reports, corporate action credit advices, and account documentation, including your client agreements and any amendments to such agreements, the Morgan Stanley Client Relationship Summary available at https://www.morganstanley.com/formcrs, this Important Account Information for Self-Directed Accounts booklet available at http://www.etrade.com/iai, our U.S. Privacy Policy, the Form ADV Part 2A brochure (ADV Brochure) and Part 2B supplement for any investment advisory program, as applicable, and all documents that may be added by us to eDelivery in the future (collectively "eDelivery Documents"). When you enroll in eDelivery, you consent to the electronic delivery of all eDelivery Documents and further agree and understand that you will not receive, and we are not obligated to provide, hard copies of any eDelivery Documents unless specifically requested by you. We may impose a charge for any requested hard copy.

By enrolling in eDelivery you also agree to electronic delivery of syndicate and other offering materials, including preliminary prospectuses and other offering documentation (including, but not limited to, pricing terms where applicable) for equity initial public offerings, secondary offerings and follow-ons, as well as new issue structured investments and new issue municipal and other fixed income securities ("Syndicate Offerings"). Participation in many Syndicate Offerings requires eDelivery enrollment. If you do not enroll in eDelivery, you may not be able to participate in certain Syndicate Offerings.

You understand and agree that after enrolling in eDelivery, you will be required to consent to our eDelivery Terms and Conditions online by logging into your account on etrade.com. You may change or revoke your eDelivery preferences at any time by updating your eDelivery settings on etrade.com or by contacting Customer Service. You understand that it may take up to three days to process a revocation of consent to eDelivery and that you may receive electronic notifications during that time.

After enrolling in eDelivery, and consenting to the online Terms and Conditions, you will receive eDelivery Documents electronically by accessing them on etrade.com after being notified by email that eDelivery Documents are available for your review. The email address that you provide will be used to send notifications of document availability to you for all selected accounts and document types associated with your etrade.com username.

Please reference the E*TRADE from Morgan Stanley Client Agreement for Self-Directed Accounts and the eDelivery Terms and Conditions for more information.

# Disclosure of Your Name to Issuers of Securities

Rule 14b-1(c) of the Securities and Exchange Commission governs whether your name, address and securities positions may be disclosed to issuers of securities held for you in "street name." Securities held in "street name" do not reflect the beneficial owner on the records of the issuer and issuers will be unable to contact you directly without your consent. Unless you specifically indicate that you do not approve of this disclosure by contacting us, the information will be provided to the issuers of securities held in your account upon their request.

Certain foreign securities will be held in your Self-Directed Account in book-entry form only. Certain foreign securities will not be registered in your individual name nor will they be delivered to you from your Self-Directed Account. Foreign securities issued from certain countries may be subject to taxation by those countries or to disclosure requirements related to shareholder rights initiatives. We may be required to provide purchaser identifying information in order to comply with local tax laws and achieve reduced tax withholding or to comply with disclosure requirements related to shareholder rights initiatives or other applicable laws. The provision of this information will take place where applicable and is not affected by your election to not disclose your name to issuers of securities. Therefore, even if you specifically advise that you do not approve of this disclosure, we will provide the requisite information to issuers of foreign securities held in your Self-Directed Account if, and to the extent, we determine it is required by applicable law. In addition, the provision of this or other personally identifiable information is not affected by any other nondisclosure or non-use option that you might choose under applicable privacy notices sent to you.

# Tax and Legal Disclosure

Morgan Stanley Smith Barney LLC, its affiliates and its employees do not provide tax or legal advice. Any taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax advisor.

# The USA PATRIOT Act

**Important Information About Procedures for Opening a New Account or Establishing a New Customer Relationship.** To help the U.S. government fight the funding of terrorism and money laundering activities, federal law requires U.S. financial institutions to obtain, verify and record information that identifies each individual or institution that opens an account or establishes a customer relationship. Federal law also requires U.S. financial institutions to obtain, verify and record information that identifies the Beneficial Owner(s) and Key Controller of a legal entity that opens an account or establishes a customer relationship. What this means for you: When you open a new account or enter into a new customer relationship with Morgan Stanley, the firm will ask for your name, legal address, date of birth (as applicable) and other identification information. We will also require the same information for the Beneficial Owner(s) and Key Controller of a legal entity. As appropriate, we may, in our discretion, ask for additional documentation or information. If all required documentation or information is not provided, Morgan Stanley may not be able to open an account or maintain a relationship with you.

# Account Protection

As a Morgan Stanley client, the protection provided your account exceeds what the law requires. While most brokerage firm clients are entitled to the protection provided through Securities Investor Protection Corporation (SIPC), at Morgan Stanley, you also receive protection supplemental to SIPC, which is provided at no cost to you.

Please be aware of the following:

- Morgan Stanley is required to comply with the protection standards set forth by the Securities and Exchange Commission (SEC).
- We maintain capital well in excess of the levels required by the SEC.
- Fully paid for and excess margin securities held in Morgan Stanley client accounts are segregated from our assets in compliance with SEC Rule 15c3-3. The SEC and FINRA regularly audit the safeguards and controls set up to protect client assets held in accounts at Morgan Stanley.
- SIPC protects cash held as free credit balances ("uninvested cash") in a brokerage account at the firm for clients in connection with the clients' purchase or sale of securities whether the uninvested cash is in U.S. dollars or denominated in non-U.S. dollar currency. Uninvested cash held in connection with a commodities trade is not protected by SIPC. Money market mutual funds, often thought of as cash, are protected as securities by SIPC.
- In the event of a forced liquidation of our firm, your uninvested cash and securities will be made available to the trustee of these proceedings to transfer to you or to another broker-dealer.
- Morgan Stanley is a member of SIPC. SIPC protects client net claims up to $500,000, of which up to $250,000 may be uninvested cash. Note that SIPC coverage does not protect investors against securities fraud, as it only protects client assets in the event of broker-dealer insolvency.
- In addition to this SIPC protection, in the unlikely event that client assets that were not segregated are not fully recovered and SIPC protection limits have been paid, Morgan Stanley's supplemental insurance policy 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 uninvested cash balance portion of any remaining shortfall.
- If a client maintains more than one account at Morgan Stanley in separate capacities (individual, joint, trust) each account would be protected by SIPC and the supplementary protection up to the client and aggregate limits mentioned above.

SIPC and Excess of SIPC 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 apply to net claims for the value of most securities and uninvested cash in the exclusive possession and control of Morgan Stanley. Commodity and futures contracts, currency and certain mutual funds, money market funds, annuities, life insurance and limited partnerships, which may be redeemed directly from the issuer, carrier or their agents, are generally not covered by SIPC or Excess of SIPC coverage. Please be advised that you may obtain information about SIPC, including the SIPC brochure, by contacting SIPC at 202-371-8300 or by visiting www.sipc.org.

# FDIC Insurance

Certificates of Deposit ("CDs") issued by FDIC member institutions that are purchased through Morgan Stanley and deposit accounts maintained through Morgan Stanley Bank, N.A and Morgan Stanley Private Bank, National Association (including but not limited to accounts in connection with the Bank Deposit Program, Savings and GlobalCurrency) are eligible for FDIC insurance up to applicable U.S. dollar limits (visit https://www.fdic.gov or review the applicable disclosure document for details).* Unless otherwise specifically disclosed to you in writing, other investments and services offered through Morgan Stanley are not insured by the FDIC; are not deposits or other obligations of, or guaranteed by, a bank; and involve investment risks, including possible loss of principal amount invested. Morgan Stanley is a registered broker-dealer, not a bank.

* CDs are insured by the FDIC, an independent agency of the U.S. Government, up to a maximum amount of $250,000 (including principal and interest) for all deposits held in the same FDIC account ownership category (e.g., individual account, joint account) per CD depository. For more information, visit the FDIC website at https://www.fdic.gov.

# Business Continuity Management Program

### PURPOSE AND GOVERNANCE

Morgan Stanley's Firm Resilience organization maintains global programs for Business Continuity Management (BCM), Disaster Recovery (DR) and Third Party Resilience that facilitate activities designed to protect the firm during a business continuity incident. A business continuity incident is an interruption with potential impact to normal business activity of the firm's personnel, operations, technology, suppliers and/or facilities.

The Firm Resilience organization has dedicated staff responsible for management of the aforementioned programs, which are governed by the Business Resilience Governance Committee. In addition, a committee of the Board of Directors and senior management oversee the program.

### BUSINESS CONTINUITY PLANNING

The Global Business Continuity Planning Procedure sets forth the standard set of processes and operating instructions for Business Units within the Firm to develop business continuity plans and identify processes and recovery strategies to continue business critical processes during a business continuity incident.

As part of business continuity planning, Business Units must identify and assess the potential impact of threats that may significantly disrupt their business or the business operations of the firm. Business Units conduct a Business Impact Analysis to prioritize their business processes, which is then reviewed and signed off on at least annually.

Business continuity plans document recovery strategies (e.g., transference or work area recovery) that identify and detail the options available to recover critical business processes during an incident.

The plans also identify roles and responsibilities and communication procedures when plans are invoked for an incident. Business continuity plans are reviewed and signed off on by Business Unit management at least annually.

Business Units are responsible for periodic testing and documentation of test results in accordance with the requirements set out in the Global Business Continuity Testing Procedure. Business continuity testing is the process by which Business Units verify the viability of their plans by performing their critical business processes using the recovery strategies documented in the plans.

Business continuity testing and documentation of test results provide a reasonable expectation that, during a business continuity incident, the Business Unit will be able to recover and perform its critical business processes and limit the impact of the incident to the firm, its clients and financial markets.

### CRISIS MANAGEMENT

The Crisis Management Team, which forms part of the Fusion Response organization, is responsible for Crisis Management, the process of identifying and managing the firm's operations during business continuity incident. In conjunction with the Global Threat Intelligence team, Crisis Management Operations monitors and assesses situations for the impact on business operations and to determine their potential to become business continuity incidents.

The team is responsible for escalating business continuity incidents to firm management and designated personnel, as appropriate. The team also coordinates and facilitates the exchange of information between those charged with resolving the situation, senior management and the Business Units that are impacted.

The crisis management process includes coordination of internal and external communication to key stakeholders, including personnel, regulators, suppliers and clients. Crisis Management Operations oversees a mass notification system that can be utilized during an event, and ensures that the system is regularly tested.

### BUSINESS CONTINUITY PANDEMIC PREPAREDNESS

BCM, in conjunction with the firm's Chief Medical Officer, Human Resources and Corporate Services Departments, maintains a Global Business Continuity Infectious Disease Preparedness Procedure to address planning for potential pandemics. The Procedure documents precautionary measures that the firm can take to help reduce business impact should the firm's operations be affected by an infectious disease outbreak, epidemic or pandemic business continuity incident. The firm can invoke these procedures based on pandemic warnings from the World Health Organization, the Centers for Disease Control and Prevention, and/or other official local governance bodies.

### BUSINESS CONTINUITY TRAINING AND AWARENESS

Business Continuity Management is responsible for developing, providing and tracking completion of Business Continuity Role Holder attestation training. This training is designed to ensure that those personnel involved in the Business Continuity Management process and involved in recovery during a business continuity incident are aware of their roles and responsibilities.

### BUSINESS CONTINUITY THIRD-PARTY RISK MANAGEMENT

The firm assesses and performs risk-based due diligence on third-party vendors' business continuity and disaster recovery controls and ability to continue to provide services during a business continuity incident.

Third-Party Resilience performs exercises with third-party vendors and develops contingency and exit plans in partnership with the business units in order to manage service disruption risk and build firm resilience. Business Continuity Tabletop Exercises validate recovery of non-technology elements (people and buildings) for non-technical services. These tests are repeated periodically during the life of the service, following a risk-based approach.

For specific vendor locations where vendor staff provide services on behalf of the firm using firm data and support a critical business process, the Business Unit and/or the central management group for these vendors must develop and maintain a business continuity plan for the vendor in alignment with firm standards.

### DISASTER RECOVERY

The Technology Planning, Testing and Readiness program oversees the documentation of Technical Recovery Plans and disaster recovery testing of critical firm systems and third parties in order to validate recovery capability. Technical recovery plans are in place for critical technology assets and document how systems would be recovered following a disruption.

## Trusted Contact Authorization

Morgan Stanley requests, as part of its account opening and periodic account updating processes, the name and contact information for one or more trusted contact person(s) ("Trusted Contact") for all non-institutional accounts. A Trusted Contact must be an individual over the age of 18 years. If you choose to provide Morgan Stanley with one or more Trusted Contacts, you are authorizing Morgan Stanley, in its discretion, to contact your Trusted Contact(s) and disclose information about you and/or your account(s) in order to address possible financial exploitation and confirm the specifics of your current contact information, your health status, and/or the identity of any legal guardian, executor, trustee or holder of a power of attorney or as otherwise permitted by the Rules of the Financial Industry Regulatory Authority ("FINRA"). You may add, remove and/or change any or all of your Trusted Contacts at any time by contacting Customer Service at 800-387-2331. Your Trusted Contact(s) will have no trading authority or power of attorney over your account(s) and will not be authorized to make any decisions on your behalf regarding your account(s).

## Investing and Trading

### INVESTING AND TRADING RISKS

Investing and trading involve inherent risks including the market risk that the prices of securities may change based on a number of often unforeseeable factors. Past investment performance does not predict future investment returns.

Some of the types of risk that affect investments include inflation, interest rate changes and risks related to the underlying company or issuer, as well as economic changes, general market sentiment and the political climate. Conservative investments that are designed to preserve principal tend to provide lower returns over time while investments that have the greatest potential for higher returns tend to be the most risky and volatile. Nevertheless, all investments carry risk and even relatively conservative and "safe" investments may expose your money to interest rate risk, inflation risk, risks related to the particular structure and features of your investment, as well as remote but potentially significant liquidity, credit or other risks in temporary or extended market dislocations, which could lead to losses more commensurate with a traditionally higher risk investment.

Some investors have more tolerance for risk than others. When you consider any investment, be aware of the risks involved; only you can determine your tolerance for risk.

Some investments, such as mutual funds, provide a prospectus containing detailed information, including details on items such as fees, charges, policies, expenses and risk factors. Always read a prospectus carefully before you invest. Before you make an investment decision, be sure you understand the costs, fees, risks and limitations, as well as the advantages of each investment and how it fits with your financial goals.

You should consult your personal tax and legal advisors before making any tax or legal-related decisions.

## BUYING AND SELLING SECURITIES

Whenever you place an order, make sure you have the correct:

- Account number
- Account type
- Transaction type (buy or sell)
- Quantity
- Security description
- Price (if the order is price-specific)

## HOW YOUR BROKERAGE TRADES ARE SETTLED

Generally, the settlement date is when you must pay for the security you purchased or deliver the security you sold.

- Effective May 28, 2024, United States securities exchange rules require that most securities transactions settle on or before the next business day following the trade date (T+1). There are few exceptions to this requirement , such as certain money market fund transactions and cash-basis transactions that settle on the same business day as the trade (T+0).

## TRADE CONFIRMATIONS

A confirmation is a written record of your transaction. It provides important information about your security transactions and should be maintained for your records.

Morgan Stanley sends confirmations for every securities transaction the firm effects, except where regulatory exceptions apply.

## HOW YOUR TRADES ARE EXECUTED

We are acting as your agent unless we notify you on the transaction confirmation that we are acting as principal for your account or as a dual agent for you and another person. As an agent, we work to find you the best execution for your order. As a principal or riskless principal, we buy securities from you and sell securities to you, subject to our best execution and fair pricing obligations, as applicable. We may provide certain securities brokerage, commodity futures brokerage or other services to you with or through other Morgan Stanley affiliates. In the event that an order is executed with a Morgan Stanley affiliates acting as principal, such affiliate may receive a profit (or loss) in connection with such execution in addition to any commission, commission equivalent, markup or fee paid to us. Such affiliate may sell the securities from its own inventory or buy securities based on the current market price or may source such positions from, or sell to, other market participants. In other cases, we may act as agent but may route your order for execution to an affiliate acting as principal or riskless principal. On these agent trades, the affiliate relationship will be disclosed to you on the trade confirmation.

Nothing in the Self-Directed Account Agreement or this Important Account Information for Self-Directed Accounts booklet or any information made available to you is to be construed as an offer to buy or sell, or the solicitation of an offer to buy or sell, any security, financial product or instrument or to participate in any particular trading strategy in any jurisdiction in which such offer, solicitation or trading strategy would be unlawful, or the giving of advice where giving such advice would be unlawful.

## FIXED INCOME TRANSACTIONS

For fixed income transactions, when acting as an agent, commissions are charged in accordance with the E*TRADE from Morgan Stanley Fee Schedule and disclosed on the trade confirmation. When acting in a principal capacity, bonds will include a markup for purchases or a markdown for sales and may include a profit or loss for Morgan Stanley. Morgan Stanley will not act simultaneously as agent and principal in the same transaction and we reserve the right to act as principal on any bond transaction. For new issue bond transactions, Morgan Stanley receives a placement fee or selling concession for support services and the rate of the placement fee/selling concession may vary between different new issue offerings as well as between different series and bond maturities in the same offering.

Confirmations of fixed income transactions may reflect a markup or markdown, both as a dollar and percentage value. The markup or markdown dollar value is calculated as the execution price less the prevailing market price ("PMP") multiplied by the quantity. The markup or markdown percentage value is calculated as the markup or markdown dollar value divided by the PMP. Trades with a markup or markdown value of "N/A" indicate a negative markup or markdown, i.e., the sale of the security was at a price lower than the PMP.

### EXTREME MARKET CONDITIONS

Clients should be aware of the risks and considerations of transacting in extreme market conditions. During times of extreme market volatility, markets may experience wider spreads between bid and offer prices as well as a shortage of liquidity. If this occurs, Morgan Stanley may implement modifications to its policies and procedures governing trade execution and surveillance in order to preserve the continued execution of clients' orders in a manner that is consistent with the firm's best execution obligations. Morgan Stanley's handling of orders may take longer and may reflect greater price volatility, and executions may be at wider price variances than in normal market conditions. An execution price during extreme market conditions may not be indicative of the true market value of the securities and/or price in normal market conditions. In addition, extreme market conditions make it more difficult to determine a security's prevailing market price.

In times of high volatility, low liquidity, or other special or extreme market conditions, we will determine whether market conditions warrant any additional measures or restrictions and act accordingly, including taking one or more of the following actions:

- Reallocating order flow in specific securities or certain security types to or from a market center
- Restricting trading in certain security types or specific securities
- Restricting the use of certain order types or order strategies
- Cancelling orders or certain types of orders (e.g., short sales)
- Increasing margin requirements for certain orders or order types or on certain types of securities or a specific security
- Posting an "Extreme Market Conditions Notice" to our platforms

Please note that we may determine to take such action to protect either Morgan Stanley or our clients at any time, with or without notice.

## Trading in Non-U.S. Markets

Investing in markets outside the United States involves additional risks related to clearance and settlement, currency fluctuations, economic and political instability, and differences in accounting standards. To trade in non-U.S. markets, you first must either: (i) convert U.S. dollars held in the account to the applicable currency of the non-U.S. market in which you will incur a settlement obligation or (ii) transfer into the account the applicable non-U.S. currency. Securities transactions executed on non-U.S. exchanges may be effected by a Morgan Stanley affiliate or an unaffiliated third party, which may be compensated for its services. Such compensation may be in addition to the fees charged by us under the Self-Directed Account Agreement.

# Summary of Procedures for Certain Syndicate Offerings

For information about Syndicate Offerings and the Conditional Order to Buy (COB) process, please go to https://us.etrade.com/what-we-offer/investment-choices/new-issues.

# Market Transition Away From LIBOR

The following discussion applies to holders of products directly or indirectly linked to the London Interbank Offered Rate (LIBOR) or the Secured Overnight Financing Rate (SOFR) and investors that are considering purchasing such products. Depending on your current holdings and investment plans, this information may or may not be applicable to you.

LIBOR has been a widely used interest rate benchmark that is intended to represent the rates at which LIBOR panel banks could obtain wholesale, unsecured funding for set periods in particular currencies. LIBOR has been used as a reference rate in bond, loan and derivative contracts, as well as consumer lending instruments such as mortgages.

For several years, LIBOR has been the subject of regulatory scrutiny. Among other things, there is concern with the integrity of LIBOR due in part to the limited number of transactions in the interbank lending market that LIBOR is intended to represent. Regulators around the world have stated that LIBOR in all its currencies (USD, GBP, EUR, JPY and CHF), as well as certain other interest rate benchmarks (such as EONIA in Europe), will cease to be published and be replaced by alternative reference rates, or will be subject to significant reform.

In particular, all settings for GBP, EUR, JPY and CHF LIBOR, and one-week and two-month settings for USD LIBOR, are no longer being published, although synthetic versions of GBP and JPY LIBOR rates will be published for a period of time. The remaining USD LIBOR settings (overnight and one-, three-, six- and 12-month USD LIBOR) will no longer be published after June 30, 2023. However, regulators have indicated that this additional time is to be used only in the context of managing existing LIBOR-based products.

The committee convened by the U.S. Federal Reserve Board and the Federal Reserve Bank of New York, the Alternative Reference Rates Committee (ARRC), has selected SOFR, a reference rate based on overnight repurchase agreement (repo) transactions secured by U.S. Treasury securities, as the recommended alternative benchmark rate to USD LIBOR. Certain other USD LIBOR alternatives exist in the market but have not been recommended by the ARRC. Other alternative rates selected by central bank committees for their currency's LIBOR include SONIA in the United Kingdom, ESTR in the European Union and TONA in Japan, each of which is an overnight rate published daily by the applicable central bank.

In addition, recent legislation enacted in New York provides for a benchmark replacement (a SOFR-based rate plus a spread) to replace LIBOR for those contracts governed by New York law without effective "fallback provisions," which provide for how the applicable interest rate will be calculated if LIBOR ceases to be published or is otherwise unavailable.

The market transition away from LIBOR to alternative rates is complex and could have a range of impacts on financial products and transactions directly or indirectly linked to LIBOR. This transition, as well as the impact of future regulatory and market developments, could cause LIBOR-based products to perform differently than in the past and may have an adverse effect on your investment strategy and the pricing, liquidity, return and trading of LIBOR-based products. There may also be other consequences that cannot be predicted.

The "fallback provisions" in your LIBOR-based products, or the absence thereof, could have an adverse effect on the value of such products as well as your investment strategy. Bond indentures and other documentation governing existing LIBOR-based products may contain LIBOR "fallback provisions." Fallback provisions can materially differ across products and even within a given asset class. Furthermore, such provisions may not contemplate alternative reference rates such as SOFR (in particular in older documentation) and/or may result in increased uncertainty and change the economics of the product in the event of a permanent cessation of LIBOR. For example, the interest rate for a security may revert to the LIBOR rate of the prior interest period, which would have the effect of converting the security from a floating to a fixed rate instrument if LIBOR is no longer available. In addition, there may be a population of LIBOR-based products that cannot be amended due to an inability to obtain sufficient investor consent, such as bonds with high noteholder consent requirements, and even if consent is obtained, your interests may not be aligned with those of other holders. Clients utilizing hedging strategies may also face basis risk due to inconsistent fallback provisions in their various investments. While legislation has been enacted in New York that will address New York law-governed contracts without effective "fallback" provisions, it is uncertain whether federal, other state or other jurisdictional legislation will also be enacted.

With respect to an investment in SOFR-linked products, you should understand SOFR, the terms of the particular offering and the related risks. The composition and characteristics of SOFR are not the same as LIBOR and, as a result, SOFR may not perform in the same way as LIBOR would have. Further, the SOFR-linked products that have been issued to date each apply different market conventions to calculate interest since the market for SOFR products is in its early stages. SOFR may also fail to gain market acceptance and there may be a limited secondary trading market for SOFR-linked products. Similar risks also apply to other alternative rates.

Affiliates of Morgan Stanley Smith Barney LLC (MSSB) participate on central bank committees that are selecting alternative rates and developing transition plans for trading these new rates. In addition, MSSB and its affiliates may have interests with respect to LIBOR- and SOFR-linked products that conflict with yours as an investor. As with any investment, make sure you understand the terms of any LIBOR- and alternative rate-based products you hold and the terms of those that you are considering purchasing. Other products and services offered by or through MSSB or its affiliates, such as loans and mortgage products, may have different terms and conditions and may be affected by the potential replacement of LIBOR differently than LIBOR-based securities. This is a developing situation, so the above information is subject to change.

For more information on the replacement of LIBOR, the recommended alternative rate, SOFR, and certain considerations relating to LIBOR- and SOFR-linked products, please see https://www.morganstanley.com/wm/LIBOR.

## Important Information for Clients Selling "Long," Effecting Short Sales and/or Holding Short Stock Positions

When you instruct Morgan Stanley to sell "long" securities, you must own the securities when you place the order and you agree to make good delivery of the securities by settlement date. You further agree that if you instruct us to sell long and we are unable to deliver the securities to the purchaser as a result of your failure to provide the securities to us (or any other failure of the securities to reach us by settlement), that we are required by law, regulation or rule to purchase (i.e., "buy-in") or borrow a security of like kind and quantity. You also agree to be responsible for any loss which we may sustain through a buy-in or borrowing including any premiums, interest or other costs which we may be required to pay as a result of such buy-in or borrowing or the inability to buy-in or borrow. Settlement time periods are shortening as of May 28, 2024, from the second day after a trade to the day after a trade. If you instruct Morgan Stanley to sell shares, even if you are net long the shares across all of your holdings, unless the shares are in your account at the time the trade is placed, Morgan Stanley will not generally mark these trades as "long" sales. Instead, the sale will be marked as "short sale exempt" for NMS securities or "short sale" for non-NMS securities. This is also the case for tendered convertible bonds and exercised options (i.e. the sale of the shares to be received following the bond tender or options exercise will not be marked as a "long" sale unless the shares are in your account at Morgan Stanley at the time of the trade). You agree to be responsible for any costs incurred by Morgan Stanley attributable to the delay between your sale and the delivery of the shares to Morgan Stanley.

When you sell a security short, Morgan Stanley will deliver the security on your behalf and will charge you for the duration of time your short position remains open. Morgan Stanley & Co. LLC sets the rate for each short sale transaction and such cost to you will vary based on a number of factors, including interest rates, the demand for the security and general market conditions, and will also include compensation for Morgan Stanley's services. In general, as the demand to borrow the security increases, the costs will increase. These costs may be substantial for certain securities, and also may fluctuate significantly over the duration of the period of time your short position is held, thus impacting the return on your short transaction. Accordingly, we urge you to discuss with your Financial Advisor the potential costs of short selling prior to entering any short sale as well as the ongoing borrowing costs when determining whether to maintain any short position.

Shorting securities involves risk to investors, including (without limitation) the risk ofunlimited loss if the shorted security appreciates in value, the risk that your short positionmay be bought-in with little or no notice, and the risk that charges for borrowing may change materially without notice. As a result, shorting may not be appropriate for everyone. Investors should make sure they understand these risks prior to shorting securities.

Short sales are not permitted in CashPlus Accounts or in any other accounts that have opted out of, or are not eligible for, margin privileges.

# Summary of the Bank Deposit Program

Through the Bank Deposit Program ("BDP" or the "Program"), free credit balances are automatically deposited, or "swept" into interest-bearing FDIC-insured deposit accounts ("Deposit Accounts") established for you by, and in the name of, Morgan Stanley Smith Barney LLC as agent and custodian, at one or more sweep banks: Morgan Stanley Bank, N.A. ("MSBNA") and Morgan Stanley Private Bank, National Association ("MSPBNA" and, together with MSBNA, the "Morgan Stanley Sweep Banks"). Under certain circumstances you may have funds sent to nonaffiliated Program Banks (collectively with the Morgan Stanley Sweep Banks, the "Sweep Banks"). Free credit balances above $20,000,000 (the "Deposit Maximum") are automatically swept into a money market mutual fund (the "Sweep Fund"), as further described below. The Deposit Accounts at each Sweep Bank consist of a demand deposit account ("DDA"). Your monthly Account statement will reflect your balances in each Sweep Bank, and if applicable, the Sweep Fund. Currently, E*TRADE from Morgan Stanley accounts are not eligible to have funds sent to the Program Banks. However, effective June 2024, such accounts will be eligible to have funds sent to the Program Banks.

Each Morgan Stanley Sweep Bank has a Deposit Limit of $490,000 for joint accounts and $245,000 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 $245,000 or the difference of $245,000 and the total of any other deposits held in the same FDIC account ownership category at the respective Morgan Stanley Sweep Bank for all accounts except jointly held accounts. Any other deposits include CDs, checking accounts and savings accounts at MSPBNA. The Deposit Limit will continue to be $490,000 for accounts held jointly by two or more persons or entities. Deposit Limits are set slightly below the FDIC insurance thresholds to allow for accrued interest on the Deposit Accounts.

The Primary Sweep Bank is the Morgan Stanley Sweep Bank where your deposits will first be made. Either MSBNA or MSPBNA will be your Primary Sweep Bank, and you will receive notice of the then-current order of the Morgan Stanley Sweep Bank upon the first deposit into the Program. If Morgan Stanley changes the order of your Primary and Secondary Sweep Bank, you can see that on your monthly statement.

Deposits will first be made to your Deposit Accounts at the Primary Sweep Bank up to the Deposit Limit, then to the other Morgan Stanley Sweep Bank ("Secondary Sweep Bank") up to the Deposit Limit. If your funds exceed the Deposit Limit at both the Primary and Secondary Sweep Banks, such excess funds will be deposited into the 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 FDIC insurance limit. Once your account becomes eligible to have funds sent to Program Banks in June 2024, such excess funds may also be sent to one or more Program Banks, each up to the Deposit Limit. Once eligible and prior to June 2024, if any or all your deposits are not selected for the Program Banks as outlined in the "Eligibility and Computation for Deposits to be Sent to Program Banks" section of the BDP Disclosure, on any given day, 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. Once the deposited funds reach the Deposit Maximum, any additional free credit balances will be swept into the Sweep Fund. The Sweep Fund available for your account is the Morgan Stanley Institutional Liquidity Funds Government Securities Portfolio (symbolMGPXX). The Deposit Maximum and the Sweep Fund are subject to change with 30 days' written notice to you from Morgan Stanley.

Withdrawals from your Deposit Accounts will be made on a "last in, first out" basis, which means funds will be withdrawn first from your Sweep Fund and then from the Sweep Banks in the reverse order from which the funds were deposited.

You may contact us to exclude your deposits from being swept to any of the Sweep Banks or the Sweep Fund.

The Program will be your only sweep investment option for both brokerage and investment advisory accounts, except in very limited circumstances. We and the Morgan Stanley Sweep Banks derive financial benefits from those deposits. For your brokerage accounts, you can choose to invest your cash in one of the available investment products instead of choosing to have it remain uninvested in BDP

### *INTEREST RATES GENERALLY*

Interest rates on the Deposit Accounts are variable. Morgan Stanley and the Morgan Stanley Sweep Banks reserve the right to change the methodology used to determine the interest rates in their sole discretion and without prior notice to you. The Morgan Stanley Sweep Banks generally set the rates on a weekly basis, but may set the rates more or less frequently. The rate is generally based on a variety of factors including, but not limited to, prevailing economic and market conditions. Our ability to influence the rate on your Deposit Accounts presents a conflict of interest, as described below.

### *INTEREST RATES AND TIERS*

Interest rates on Deposit Accounts will be tiered ("Tiered Rates") based upon the value of Total Deposit Balances in your Deposit Account.

To review current interest rates and tiers, please visit www.etrade.com/rates and for the BDP Disclosure Statement, please visit www.etrade.com/bdpdisclosure.

The current yield paid by the Sweep Fund will be among the factors used to determine the rate for the highest interest rate tier.

### *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. The amount of the fee received by Morgan Stanley may affect the interest rate paid by the Sweep Banks on your Deposit Accounts. 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.

An 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. Morgan Stanley receives 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.

### *CONFLICTS OF INTEREST AND OTHER BENEFITS*

Morgan Stanley, the Morgan Stanley Sweep Banks and their affiliates may receive other financial benefits in connection with the BDP. The Morgan Stanley Sweep Banks may use the cash balances in their Deposit Accounts to fund certain lending activity. As with other depository institutions, the profitability of the Morgan Stanley Sweep Banks is determined in large part by the difference between the interest paid and other costs incurred by them on the Deposit Accounts, and the interest or other income earned on their loans, investments and other assets. Deposits in Deposit Accounts provide the Morgan Stanley Sweep Banks with a stable, cost-effective source of lendable funds.

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. Effective June 2024, you will become eligible to have deposits 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.

We have an incentive to utilize affiliated money market funds in BDP (or as an alternative for clients that are not eligible for BDP) as well as those affiliated funds and share classes that pay us more compensation than other funds and share classes. 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.

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. You may contact us at 800-ETRADE-1 (800-387-2331) if you have additional questions.

### *FDIC COVERAGE*

Funds in the Deposit Accounts (principal and accrued interest) at each Sweep Bank are eligible for FDIC insurance up to a specified amount per depositor (the "Maximum Applicable Insurance Limit") in each F D I C account ownership category (Example g., individual or joint). The Maximum Applicable Insurance Limit is $250,000. Please keep in mind, however, that the Maximum Applicable Insurance Limit is established per depositor.

Any deposits that you maintain in the same capacity directly with a Sweep Bank (including C D'sCDs), 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 F D I C deposit insurance coverage available to you. Morgan Stanley and its affiliates are not responsible for any insured or uninsured portion of a Deposit Account at a Sweep Bank. Please visit https://www.fdic.gov for more information. Balances maintained in the Deposit Accounts at each Sweep Bank are not protected by S I P C or any excess coverage purchased by Morgan Stanley.

## *SIPC INSURANCE*

Money market mutual funds and free credit balances are covered by the Securities Investor Protection Corporation (SIPC). SIPC is a federal 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 $250,000 may be free credit balance. 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 https://www.sipc.org. In addition to this SIPC protection, Morgan Stanley has purchased, at no 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. Clients may obtain a more complete and definitive description of SIPC protection by visiting https://www.sipc.org.

***You could lose money by investing in a money market fund. Depending upon the type of money market fund in which you invest, a fee may be imposed upon the sale of your shares because of market conditions or other factors. Any redemption or liquidity fees will be described in your money market fund's prospectus. The prospectus will also describe other fees charged by the fund, as well as the fund's strategy and risks. Please read the prospectus carefully before investing. You may obtain a prospectus from us or from Morgan Stanley Investment Management at www.morganstanley.com/funds/MGPXX. 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.***

## *AUTOMATIC CASH SWEEP*

The Program will be your default sweep investment unless you are ineligible to participate in the Program (e.g., certain entity types or persons residing outside the U.S.). The Program is described in your account opening materials, as well as in the BDP Disclosure Statement that can be found at www.etrade.com/bdpdisclosure. If you are ineligible to participate in the Program, any free credit balances in all of your accounts will automatically sweep into one of the following based upon eligibility:

- Institutional Liquidity Funds Government Securities Portfolio (available only if you are a U.S. Person and are not eligible for the Bank Deposit Program, or if you exceed the Deposit Maximum as defined in the Bank Deposit Program Disclosure)
- Treasury Liquidity Fund–Cayman Islands Exempted Company that invests substantially all its assets in Institutional Class of Morgan Stanley Institutional Liquidity Funds Treasury Portfolio, a U.S. money market fund (Cayman Company is not governed by the U.S. Investment Company Act and is available only if you reside outside the U.S.)
- U.S. Government Money Market Trust (available only for retirement accounts that are not eligible for the Bank Deposit Program). For the purpose of this section, each of the above funds shall be referred to as a "money market mutual fund."[1]

[1] Our affiliate, Morgan Stanley Investment Management, serves as the investment adviser to the listed money market mutual funds. Morgan Stanley receives revenue-sharing compensation from Morgan Stanley Investment Management based upon the amount of assets held by clients in these money market mutual funds.

### *PATTERN DAY TRADERS*

We reserve the right to change your participation in the BDP or a money market mutual fund to the Cash Balance Program without notice if we reasonably determine that the change is necessary, such as when your Self-Directed Account is designated as a Pattern Day Trader. If your cash remains in the Cash Balance Program, you can get more information about interest rates at www.etrade.com/rates.

# How Morgan Stanley Is Compensated

### *SELF-DIRECTED ACCOUNT FEES/CHARGES*

In connection with your E*TRADE from Morgan Stanley Self-Directed Account, Morgan Stanley charges $0 commission for online U.S.-listed stock, ETF, and options trades. Exclusions may apply and Morgan Stanley reserves the right to charge variable commission rates. The standard options contract fee is $0.65 per contract (or $0.50 per contract for clients who execute at least thirty (30) stock, ETF and options trades per quarter). The retail online $0 commission charge does not apply to Over-the-Counter (OTC), foreign stock transactions, large block transactions requiring special handling, transaction-fee mutual funds, futures or fixed income investments. A $25 service charge applies for trades placed through a broker. Stock plan account transactions are subject to a separate commission schedule. Additional regulatory and exchange fees may apply. For more information about pricing, visit etrade.com/pricing.

### *LENDING SERVICES*

Morgan Stanley offers a variety of lending products and services to meet your liquidity and financing needs. We are compensated for these services primarily through ongoing interest charges. These payments depend on the type, structure and duration of the advance.

Line of Credit is a securities-based loan offered by Morgan Stanley Private Bank, National Association, an affiliate of Morgan Stanley Smith Barney LLC. Clients are typically not charged upfront fees to set up the line of credit. Advances on a Line of Credit accrue interest at a variable rate. Unless otherwise instructed, interest charges are capitalized on a monthly basis. Principal is usually repaid at the client's discretion, although Morgan Stanley Private Bank, National Association may exercise its rights under its agreement with you at any time, including, but not limited to, if there is a collateral shortfall. Fees, interest and principal payments are paid to Morgan Stanley Private Bank, National Association. The proceeds from a Line of Credit (including draws and other advances) may not be used to purchase, trade or carry margin stock; repay margin debt that was used to purchase, trade or carry margin stock; and cannot be deposited into a Morgan Stanley Smith Barney LLC, or other brokerage account.

Residential mortgage loans are made by Morgan Stanley Private Bank, National Association, an Equal Housing Lender, an affiliate of Morgan Stanley Smith Barney LLC. Some loans may involve an origination fee, which is typically up to one percent of the principal amount of the loan, and/or an application fee and closing costs. The proceeds from a residential mortgage loan (including draws and advances from a home equity line of credit) are not permitted to be used to purchase, trade or carry eligible margin stock; repay margin debt that was used to purchase, trade or carry margin stock; or make payments on any amounts owed under the note, loan agreement or loan security agreement, and cannot be deposited into a Morgan Stanley Smith Barney LLC or other brokerage account.

### *OTHER COMPENSATION*

Morgan Stanley and its affiliates may earn compensation in other, more indirect ways with regard to certain of the products you purchase or services you receive. For example, Morgan Stanley may earn compensation in connection with the provision of investment banking, prime brokerage, institutional brokerage or placement agent services, as well as stock loan or other lending, money-management or trading-desk activities. Certain investment vehicles may include securities of Morgan Stanley's parent or other affiliates and companies in which Morgan Stanley or its affiliates make a market or the officers or employees of Morgan Stanley or Morgan Stanley's affiliates own securities.

If your account was referred to us by one of our affiliates, including but not limited to Morgan Stanley & Co. LLC or Morgan Stanley Investment Management Inc., we may compensate our affiliate for referring your account to us. If your account was so referred to us, we may pay our affiliate a fixed fee, a percentage of the transaction-based compensation or a percentage of the management fees paid to us by you. You will pay us an advisory fee or transaction compensation, depending on the account type you open, that clients ordinarily pay to us for our services. You will not pay us or our affiliate that referred you to us any additional compensation for this referral.

### *FLOAT*

Morgan Stanley may retain, as compensation for its provision of services, your account's proportionate share of any interest earned on aggregate cash balances held by Morgan Stanley or an affiliate with respect to assets awaiting investment. Such interest retained by the Custodian shall generally be at the prevailing Federal Funds interest rate.

## Morgan Stanley Reserved Living and Giving and Signature Access

### *RESERVED LIVING AND GIVING*

Clients who qualify for Morgan Stanley Reserved may also be eligible to enroll in Morgan Stanley's complimentary loyalty program, Reserved Living and Giving, designed to enhance their lifestyle and go beyond traditional wealth management services. The program delivers access to exclusive offers and discounts from premium brands including preferred pricing on a selection of luxury vehicles, best-in-class providers of travel services, boutique wine sourcing, retail, and health and wellness services; timely articles from our providers and Morgan Stanley thought leaders on topics such as family finances, healthy aging and travel; and philanthropic inspiration.

To qualify for the Reserved Living and Giving program on a complimentary basis, a client's household must have and maintain $1,000,000 in Eligible Assets and Liabilities[2] in a Nonretirement Account(s)[3] at Morgan Stanley. Assets held in a Retirement Account(s)[4]

[2] Eligible Assets and Liabilities generally include the following: Cash, Equities, Bonds, CDs, Alternative Invest- ments (including Managed Futures), Unit Investment Trusts, Exchange-Traded Funds, Mutual Funds, 529 Plans, Insurance, Annuities, outstanding balances on securities-based loans (including Margin, Non-Purpose Margin, and Liquidity Access Line), and certain mortgage loans made by an affiliate of Morgan Stanley. Not all assets or liabilities are considered Eligible Assets and Liabilities for purposes of either the Reserved program or the Signature Access program.

[3] Nonretirement Account means a brokerage, advisory or bank account other than a Retirement Account.

[4] Retirement Account means a brokerage, advisory or bank account that is an Individual Retirement Account ("IRA"), a Roth IRA, a Coverdell Education Savings Account, an account maintained for an employee benefit plan covered by the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), or an account maintained for a qualified retirement plan described in section 4975(e)(1)(A) of the Internal Revenue Code of 1986 (the "Code").

are not considered Eligible Assets and do not count toward qualification for the Reserved program. Additionally, from time to time, Morgan Stanley may invite clients who do not otherwise qualify to participate in the program based on a number of qualitative factors as determined by Morgan Stanley in its sole discretion, including (but not limited to) the client's longevity with Morgan Stanley, number of accounts, usage of tools, fees paid (excluding Retirement Account fees) and other factors.

### *SIGNATURE ACCESS*

Clients with $10,000,000 or more in Eligible Assets and Liabilities at the Firm may be eligible for the highest tier of the Reserved Living and Giving program called Signature Access. There's no cost for a client to be enrolled in Reserved Living and Giving.

To qualify for Signature Access on a complimentary basis, a client's household must have and maintain $10,000,000 in Eligible Assets and Liabilities in a Nonretirement Account(s) at Morgan Stanley. Assets held in a Retirement Account(s) are not considered Eligible Assets and do not count toward qualification for the Signature Access program. Additionally, from time to time, Morgan Stanley may invite clients who do not otherwise qualify to participate in the program based on a number of qualitative factors as determined by Morgan Stanley in its sole discretion, including (but not limited to) the client's longevity with Morgan Stanley, number of accounts, usage of tools, fees paid (excluding Retirement Account fees) and other factors.

Morgan Stanley may amend, supplement, modify or rescind any or all aspects of Reserved Living and Giving at any time. Such changes will be binding on you and will take effect when we specify.

## Morgan Stanley's Reinvestment Program

### *TERMS AND CONDITIONS*

Morgan Stanley provides you with an opportunity to enhance your long-term investment growth plans through the automated reinvestment of cash dividends, capital gains distributions, partnership distributions, royalties and return of capital distributions credited to your account.

The Reinvestment Program, more commonly known as "DRIP," is available at no cost to clients with Self-Directed Accounts.

### *ENROLLMENT*

You may add the Reinvestment Program to all eligible securities or selected eligible individual securities in your account by enrolling through etrade.com. Your enrollment authorizes Morgan Stanley ("us" or "we") to automatically reinvest cash dividends, capital gains distributions, partnership distributions, royalties and return of capital distributions (collectively, "Distributions") paid on such eligible securities held in your Self-Directed Account in additional shares of the respective security. You understand that this authorization will remain in effect, notwithstanding your disability or death, until we are notified to discontinue this authorization by your authorized representative. Please be aware that once enrolled in the Reinvestment Program, reinvestment for certain securities may occur through the Depository Trust Company's ("DTC") Dividend Reinvestment program. DTC and the issuer determine which securities participate in the DTC program. DTC will allocate reinvestment shares to us upon receipt from the issuer and in most cases the allocation of shares will be delayed for multiple business days. Only certain eligible DTC program securities will participate in the Reinvestment Program and such eligibility is determined by us. For securities participating in the DTC program, the cash dividend (less any amounts required by law or agreement to be withheld or debited) will be credited to your account on the same day as the reinvestment shares are allocated.

Upon receipt of Dividend Reinvestment shares through the DTC program, we will credit your Self-Directed Account the amount of the cash Distributions (less any amounts required by law or agreement to be withheld or debited). For enrolled securities that are not handled through the DTC program, we will aggregate such Distributions from your account with those of other clients requesting Dividend Reinvestment in the same security and use these funds to purchase additional shares of the relevant security for you and the other clients on a best-efforts basis. We will credit your Self-Directed Account the number of whole and partial shares equal to the amount of your funds to be reinvested in a particular security divided by the purchase price per share.

We will acquire such additional shares through such execution facilities and exchanges and at such times deemed appropriate by us. In order for your enrollment to be in effect for a given security, your position in that security must be settled on or before the Distribution record date. Please note that if you are or become a "reporting person" under Section 16 of the Securities Exchange Act with respect to any security held in your account, the reinvestment of Distributions paid on such security may trigger reporting obligations under the Securities Exchange Act and the regulations promulgated thereunder. In addition, if you are an employee or "affiliate" of the issuer of a security, the reinvestment of Distributions paid on such security may be governed by the issuer's insider trading policy. It is your responsibility to ensure compliance with such reporting obligations and policies and to seek the advice of your own counsel with respect to such obligations and policies.

### *PARTICIPATING SECURITIES*

We seek to provide the Reinvestment Program for a broad range of U.S. equities, exchange-traded funds and closed-end funds. In general, equity securities, exchange-traded funds and closed-end funds listed on the New York Stock Exchange or traded on the Nasdaq Stock Market will be considered for the Reinvestment Program. Securities that do not meet certain levels of liquidity and minimum or maximum share prices generally will not be eligible. We reserve the right to amend the eligibility criteria and suspend or remove securities from the program without notice. Automatic reinvestment of your eligible cash Distributions in Self-Directed Accounts may give you interests in partial shares of securities, which will be calculated to three decimal places. You will be entitled to receive future Distribution payments proportionate to your partial share holdings. If your account is transferred to another firm, a stock undergoes reorganization or stock certificates are ordered out of your account, any partial share positions, which cannot be transferred, reorganized or issued in certificate form, will be liquidated and your account credited with the proceeds of any such liquidation. If you enter an order to sell your entire whole-share position, any remaining partial share position will be liquidated at the same execution price and will be posted to your account on the settlement day. If you perform any other non-market activity that results in only a partial share position remaining in your account, such partial share position will be liquidated at the most appropriate time in our sole judgment, following such activity at the then-prevailing market price for the relevant security. No fee will be charged for the liquidation of the partial share position.

For U.S. federal income tax purposes, your holding period in shares received through the Reinvestment Program will begin on the date following the day on which the shares are credited to your account.

In lieu of separate trade confirmations, all transactions made through the Reinvestment Program will be reported on your monthly account statement. Please note that securities transactions outside the program will continue to be confirmed as they are today.

Reinvestment does not ensure profits on your investments and does not protect against loss in declining markets. By offering the Reinvestment Program, Morgan Stanley is not recommending that you participate. The eligibility of any specific security for the program is not a recommendation by us that you should purchase shares in that security.

Morgan Stanley reserves the right to terminate or amend the Reinvestment Program at any time, including charging transaction fees. If you wish to terminate your enrollment in the Reinvestment Program, you may unenroll by going to etrade.com. Please note your termination must be received by the record date in order to be effective for a given Distribution payment on an enrolled security.

# Automatic Enrollment in the Morgan Stanley Class Action Service

The Morgan Stanley Class Action Service ("Class Action Service") automatically processes all proof of claim forms each time a security within your eligible Self-Directed Account(s) is impacted by a class-action lawsuit. Any proceeds recovered from the Class Action Service will be subsequently deposited into your Self-Directed Account(s). **An administration fee of 6% will be deducted from any class action settlement funds retrieved on your behalf.** Morgan Stanley will notify you prior to processing any proof of claim form in order to give you the opportunity to opt out of a specific class action lawsuit.

If, at any time, you do not wish to participate in the Class Action Service, you may choose to unenroll by contacting Customer Service.

In order for Morgan Stanley to file a claim and collect proceeds on your behalf, Morgan Stanley may be requested by a third-party claims administrator to provide your personal information, including, but not limited to, your name, address, age, and/or social security number to validate your eligibility in the class. Morgan Stanley has no oversight or control over such third-parties, including over the way they protect, use, or retain your personal information. By using the Class Action Service, you authorize Morgan Stanley to share your personal information with third-party claims administrators for this purpose, and agree that you will not hold Morgan Stanley responsible for any losses or damages resulting from such third-party claims administrator processing, mishandling, or failing to adequately protect your personal data.

Please note that the definition of Impacted Security does not extend to securities impacted by "Fair Funds" recovered by the Securities and Exchange Commission and any references to a "class action lawsuit" does not include "Fair Funds" matters. You understand that in order to participate in any Fair Funds distribution, you must submit a claim form and any required supporting documentation directly to the Fair Funds claim administrator.

The Class Action Service Terms and Conditions are included in the Self-Directed Account Agreement and available on etrade.com.

# Lending Services

Morgan Stanley offers you a comprehensive approach to financing and liquidity to help you choose a solution that complements your overall investment strategy and encompasses your personal and business needs.

# Line of Credit

If you qualify, a Line of Credit ("LOC"), the lender of which is Morgan Stanley Private Bank, National Association, can support your financing needs while preserving your investment strategy. LOC provides you with credit, through a variable rate advance, based in large part on the value of the eligible securities pledged as collateral. You can finance real estate purchases, fund tax obligations, cover business expenses and address many other financing needs without liquidating assets. There are risks associated with using your assets as collateral in a securities-based loan, including possible maintenance calls on short notice, and market conditions can magnify any potential loss. See below for details.

### *INTEREST RATES*

LOC requires a minimum of $50,000 of pledged eligible securities and a minimum draw amount of $1,000. The variable interest rate is based on a 30-day average Secured Overnight Financing Rate (SOFR) index plus a variable adjustment of 0.11448% (11.448 basis points), plus an incremental percentage—also known as a spread—which is determined by your approved total advance limit at the time your LOC is opened. The LOC variable rate will reset on a daily basis.

Morgan Stanley Private Bank, National Association will not automatically increase your total advance limit based on the deposit of additional eligible collateral or an increase in the value of your current collateral. You may request an increase in your total advance rate by contacting Customer Service at 1-800-387-2331, or if your account meets certain requirements, you may request an increase to your total advance rate through your Credit Line Summary page on etrade.com.

### *QUICK ACCESS TO YOUR FUNDS*

LOC has competitive variable interest rates with typically no fees to open or maintain an account.[5]

In addition, LOC can be managed online at etrade.com. You can access funds on demand with flexible repayment options. LOC does not have a set repayment schedule but is payable immediately and in full upon demand of Morgan Stanley Private Bank, National Association.

To access funds, you can either log in to your Line of Credit at etrade.com and submit an ACH draw request, or contact Customer Service at 1-800-387-2331 to submit a draw request via wire. Qualifying customers can pledge one or more eligible E*TRADE from Morgan Stanley Self-Directed Account(s) for the LOC. The securities held in the pledged account(s) dictate the maximum borrowing capacity for the credit line. Your applicable interest rate will be determined by your estimated credit line at the time of application and is subject to change.

Customers are generally free to use LOC proceeds for any personal or business purposes. Proceeds may not be used to purchase or carry margin stock or to refinance existing debt that was used to purchase or carry margin stock (i.e., proceeds will only be used for non-purpose reasons).

## Important Risk Information for Line of Credit

Line of Credit facilities are securities-based loans, which can be risky and are not appropriate for all investors. Before applying for a securities-based loan, you should be aware that securities-based loans involve a high degree of risk and that market conditions can magnify any potential for loss. Most importantly, you need to understand that: (1) Sufficient collateral must be maintained to support your loan(s) and to take future advances; (2) You may have to deposit additional cash or eligible securities on short notice; (3) Some or all of your securities may be sold without prior notice in order to maintain account equity at required maintenance levels. You will not be entitled to choose the securities that will be sold. These actions may interrupt your long-term investment strategy and may result in adverse tax consequences or in additional fees being assessed; (4) Morgan Stanley Private Bank, National Association ( "Morgan Stanley") reserves the right not to fund any advance request due to insufficient collateral or for any other reason; (5) Morgan Stanley reserves the right to increase your collateral maintenance requirements at any time without notice unless otherwise specified in your loan agreement with Morgan Stanley; and (6) Morgan Stanley reserves the right to call securities-based loans at any time and for any reason unless otherwise specified in your loan agreement with Morgan Stanley.

Line of Credit is a securities-based line of credit product, the lender of which is Morgan Stanley Private Bank, National Association, an affiliate of E*TRADE Securities LLC and Morgan Stanley Smith Barney LLC. All LOCs lines of credit are subject to the underwriting standards and independent approval of Morgan Stanley Private Bank, National Association. The APR (Annual Percentage Rate) is calculated based on a 360-day year and

[5] A processing fee, currently $10, will be charged for Line of Credit payments made by check. Other bank fees may apply.

includes both the interest rate and certain fees and other charges related to the loan. A processing fee, currently $10, will be charged for Line of Credit payments made by check. Other bank fees that may apply can be found on etrade.com. Your interest rate will be a variable rate based on an index plus a margin. The index is currently the sum of two components: 1) the 30-day rolling compounded average Secured Overnight Financing Rate (SOFR), as published by the Federal Reserve Bank of New York, and 2) a variable rate adjustment. The SOFR rate may be reset every business day (or the following business day in event of a holiday). The margin, or interest rate spread, is a percentage above the index. Your interest rate will increase or decrease based on changes in the index. LOC may not be available in all locations. Rates, terms and conditions are subject to change without notice. If any of the pledged collateral for your Line of Credit is held in a managed portfolio, failure to satisfy a maintenance call may result in the termination of any applicable advisory agreement. To be eligible for a LOC, a client must have a brokerage account at Morgan Stanley Smith Barney, LLC that contains eligible securities, which shall serve as collateral for the LOC. Other restrictions may apply. The information contained herein should not be construed as a commitment to lend. Morgan Stanley Private Bank, National Association is a member FDIC that is primarily regulated by the Office of the Comptroller of the Currency. The proceeds from a LOC (including draws and other advances) may not be used to purchase, trade or carry margin stock; repay margin debt that was used to purchase, trade or carry margin stock; and cannot be deposited into a Morgan Stanley Smith Barney LLC or other brokerage account.

# Margin

Margin, offered by Morgan Stanley Smith Barney LLC, allows you to borrow money against the value of qualifying securities in your brokerage account while providing an opportunity to maintain your overall investment strategy intact.

Margin privileges may not be available in certain jurisdictions and are not available for all account types.[6] Further, Morgan Stanley Smith Barney LLC reserves the right to approve or deny the use of margin privileges at its discretion. Margin proceeds can be used for various purposes including the purchase of additional marginable securities, to repay margin debt or employing sophisticated investing strategies.

There are eligibility requirements that apply to margin accounts, and you will be subject to the terms included in the Margin Supplement of the E*TRADE from Morgan Stanley Client Agreement for Self-Directed Accounts.[7] Margin is integrated with your brokerage statement so the amount you borrow will appear on your statement. You will be charged a competitive interest rate based on your outstanding debit balance, as described below and in the agreement governing your margin privileges.

It is important that you understand fully the risks involved in trading securities on margin or using margin for other borrowing needs, which include, but are not limited to, those discussed in this booklet.

### INTEREST RATES

Your interest rate is determined by the size of your margin loan (or debit) in your margin account on a daily basis. Unless another rate applies, interest is based on a base rate plus or minus a percentage that varies based on your daily close of business net settled debit balance. The current rate is posted on the Fee Schedule, located at https://us.etrade.com/what-we-offer/pricing-and-rates.

If the total interest rate charged to you pursuant to the Fees Schedule changes for any reason other than an increase to the base rate, we will give you at least 30 days' advance written notice.

[6] Generally not available for Qualified Retirement Accounts (including IRAs), Education Savings Accounts or Investment Advisory Accounts.

[7] The minimum account equity requirement for a Regulation T ("Reg. T") margin account is $2,000.

We reserve the right to charge a different (i.e., higher or lower) interest rate based on factors determined by us in our sole discretion including, but not limited to, a high concentration of a security or a business sector, low-priced or speculative securities, account activity, or your reason for borrowing.

Prior to exercising your margin privileges, you acknowledge that you have carefully considered your financial condition, investment objectives and tolerance for risk, along with the provisions of the E*TRADE from Morgan Stanley Client Agreement for Self-Directed Accounts, the Relationship Summary and the information in the FINRA Margin Disclosure Statement provided to you.

# Margin Disclosure Statement

Morgan Stanley Smith Barney LLC ("Morgan Stanley"), as applicable ("we," "us" or "our"), is furnishing this margin disclosure statement to provide some basic facts about purchasing securities on margin and to alert you to the risks involved with trading securities in a margin account. Before trading stocks in a margin account, you should carefully review this margin disclosure statement, the margin provisions in the E*TRADE from Morgan Stanley Client Agreement for Self-Directed Accounts, and the margin supplement (where applicable) that we provided to you. In the event of a conflict between this document and any other agreements you may have with Morgan Stanley and/or its affiliates, the other agreements will govern.

Margin is not appropriate for everyone. You should examine your investment objectives, financial resources and risk tolerance to determine whether borrowing against securities, and trading on margin in particular, is appropriate for you. The increased leverage that margin provides may heighten both the risks and rewards of investing. Margin privileges are subject to the Morgan Stanley's review and approval, and are granted at our sole discretion. Morgan Stanley reserves the right to change the maintenance requirements at any time, without notice to you, due to the volatility and liquidity of your securities and the overall market conditions.

When you purchase securities, you may pay for the securities in full or you may borrow part of the purchase price from us. If you choose to borrow funds from us, you will open a margin account with us. The securities purchased are our collateral for the loan to you. If the securities in your account decline in value, so does the value of the collateral supporting your loan, and, as a result, we can take action, such as issue a margin call and/or sell securities or other assets in any of your accounts held with us, in order to maintain the required equity in the account. Please note, however, that we do not take into account any Traditional, Roth, Rollover, Inherited, SEP, SAR-SEP, or SIMPLE IRA; Coverdell Education Savings Account; or other account holding assets of "a plan" as defined in Section 4975 of the Internal Revenue Code (collectively, "Retirement and Education Savings Accounts") in determining available margin credit or in connection with exercising our margin requirement rights under any account of a different type (i.e., accounts that are not "tax qualified"), or vice versa, as set forth in this disclosure statement or otherwise.

It is important that you understand fully the risks involved in trading securities on margin, which include, but are not limited to, the following:

**You can lose more funds than you deposit in the margin account.**
A decline in the value of securities purchased on margin may require you to provide additional funds to Morgan Stanley to avoid the forced sale of those or other securities or assets in your Account.

**We can force the sale of securities or other assets in your accounts.**
If the equity in your account falls below the NYSE and/or FINRA margin maintenance requirements or Morgan Stanley's higher "house" requirements, we can sell the securities or other assets in any of your accounts held at Morgan Stanley to cover the margin deficiency. You also will be responsible for any shortfall in your account after such a sale.

**We can sell your securities or other assets without contacting you.**
Some investors mistakenly believe that their brokerage firm must contact them for a margin call to be valid and that their firm cannot liquidate securities or other assets in their accounts

to meet the call unless the firm has contacted them first. This is not the case. Although we may attempt to notify you of margin calls, we are not required to do so. Furthermore, even if we contacted you and provided a specific date by which to meet a margin call, we can still take the steps necessary to protect our financial interests, including selling the securities immediately without notice to you.

**You are not entitled to choose which securities or other assets in your account are to be liquidated or sold to meet a margin call.**
Because the securities are collateral for the margin loan, we have the right to decide which security to sell in order to protect our interests.

**We can increase our "house" margin maintenance requirements at any time and are not required to provide you advance written notice.**
These changes in policy often take effect immediately and may result in the issuance of a margin maintenance call. Your failure to satisfy the call may require us to liquidate or sell securities in your Accounts.You are not entitled to an extension of time on a margin call.

While an extension of time to meet margin requirements may be available to you under certain conditions, you do not have a right to the extension.

**We may rehypothecate the securities in your account.**
We may borrow money to lend to you or other margin clients and pledge your securities as collateral for such loans. You authorize us to lend any security in the margin credit portion of your Account, together with all attendant rights of ownership, either separately or together with the assets of other margin clients, to us or to others without notice to you. In connection with such loans, and securities loans made to you to facilitate short sales, we are authorized to receive and retain certain benefits, including interest on your collateral posted for such loans, to which you may not be entitled. In addition, we may receive compensation in connection with such loans. In some circumstances, such loans may limit your ability to exercise voting rights of the securities lent, either in whole or in part.

The American Taxpayer Relief Act of 2012 (the "Act") retained the reduced U.S. federal income tax rates on qualifying dividends of 15% (or 20% in the case of certain high-income taxpayers). However, receipt of payment in lieu of dividends (i.e., substitute dividends) will not be eligible for the reduced qualified dividend tax rates. Since assets held in margin accounts with us are generally subject to rehypothecation, substitute (rather than actual) dividends may be received by margin account customers. Under the Act, such dividends will not qualify for the lower rates on dividends.

# Preauthorized/Automatic Deposits and Transfers

Preauthorized Electronic Funds Transfers (direct deposits) may be made to your account from a third party (e.g., Social Security, a pension fund or your employer) or from your account to a third party (e.g., checks converted to electronic ACH transactions and recurring mortgage or insurance payments through the ACH). You agree that if recurring or other electronic payments are made into your account, the payments may be impacted by a change in the account's status or transfer. If you plan to transfer your account or change its status, you agree to contact Morgan Stanley in advance about the impact the change may have on your Electronic Funds Transfer services.

If you have arranged to have direct deposits made to your account at least once every 60 days from the same person or entity, you can access etrade.com or call Customer Service at 800-ETRADE-1 (800-387-2331) to find out whether the deposit has been made. From outside the United States, you should call +1 678 624 6210.

If you have arranged in advance to make regular payments out of your account and these payments may vary in amount, you can use your Self-Directed Account to request that the person or entity to be paid shall notify you of the amount and date of such payment at least 10 days before each payment. You may choose to instead receive this notice only when the payment would differ by more than a certain amount from the previous payment or when the amount would fall outside certain limits that you set.

You may request that Morgan Stanley stop a previously authorized transfer from your Self-Directed Account by going to the same location where you had authorized such payments to be made. Morgan Stanley must receive your request at least three Business Days before the payment is scheduled to be made. If Morgan Stanley does not receive the request at least three Business Days prior to a transfer, Morgan Stanley may attempt, at its discretion, to stop the payment. Morgan Stanley assumes no responsibility for its failure or refusal to do so, however, even if Morgan Stanley accepts the stop request for processing. Your request should specify the transaction that you want to stop and follow the instructions on etrade.com. Unless you request that all future transfers to a specific recipient are to be stopped, Morgan Stanley will treat your stop payment order as a request concerning only the one transfer. You also agree that if you wish that the designated payee be notified that you are stopping payment, you must provide that notice independently, as Morgan Stanley will not do so.

# Checks, Check-Writing and Debit Card Privileges

**Extraneous Information**

Although not obligated to do so, Morgan Stanley and its bank service provider may pay or accept checks and other items bearing restrictions or notations (e.g., "Void after 6 months," "Void over $50," "Payment in full" and the like), whether on the front or back, in any form or format. You understand and agree that you will not include such restrictions or notations on checks that you write. You agree that the notation will have no effect on Morgan Stanley and its bank service provider, and you agree to accept responsibility for payment of the item. Morgan Stanley shall not be liable for its or any third party's failure to comply with such restrictions or notations. You further agree not to issue checks with features or marks that obscure, alter or impair information on the front or back of a check or that otherwise prevent Morgan Stanley or any bank service provider from capturing such information during automated check processing.

**Charge-Backs**

Morgan Stanley and its bank service provider may charge back any item, or a photocopy or electronic image of the item, at any time before final payment, whether returned or not and whether drawn on an account at Morgan Stanley, Morgan Stanley Private Bank, National Association, or another bank. You agree that Morgan Stanley may debit your Self-Directed Account for any exchange charges on items. Morgan Stanley may debit your Self-Directed Account into overdraft for any such purpose and you agree that Morgan Stanley will not be liable for damages to you as a result of checks drawn on your Self-Directed Account that are dishonored because of the charge-back.

**Stop Payments**

You or any other owner or authorized signer on your Self-Directed Account may request, in writing, that Morgan Stanley and its bank service provider stop payment on a check. You understand that there is a per-check/transaction charge for each stop payment order. Morgan Stanley and its bank service provider must receive stop payment orders at a time and in a manner that affords them reasonable time to act on them. We are not required to accept oral stop payment orders. If we elect to act on an oral stop payment order, however, you agree to promptly confirm the order in writing. If you fail to do so within 14 calendar days, we may release the stop payment.

Our records will be conclusive evidence of the existence, details of and decision regarding any oral stop payment order or its revocation. Unless we agree to treat your stop payment order as permanent, it will remain valid for only six months. After that time, the check may be paid and charged to your Self-Directed Account unless you renew the stop payment order, which may be subject to an additional fee. If you request a stop payment on any check issued in response to a check disbursement request, you understand that you may not have access to the funds for up to 60 days. We will not be liable for paying a check or transaction over a stop payment order if the order is incomplete, incorrect or not received in a timely fashion.

**Substitute Checks**

You agree not to deposit substitute checks or checks bearing a substitute check legal equivalence statement (e.g., "This is a legal copy") to your account without Morgan Stanley's prior written consent. Unless Morgan Stanley agrees otherwise in writing, our acceptance of substitute checks shall not obligate us to accept them at a later time, and we may cease doing so without prior notice to you.

**Holds on Your Account**

When you use your debit card to pay for goods or services, certain merchants may ask us to authorize the transaction in advance and may estimate its financial value. When Morgan Stanley authorizes the transaction, we commit to making the requested funds available when the transaction finally settles and may place a temporary hold on your Self-Directed Account for the amount indicated by the merchant. Morgan Stanley may also add an amount for certain merchants to ensure that sufficient funds will be available to cover the ultimate transaction. Until the transaction finally settles or Morgan Stanley determines that it is unlikely to be processed, the funds subject to the hold will not be available to you for other purposes. Morgan Stanley will charge your Self-Directed Account only for the final amount of the financial transaction, and will release any excess amount when the transaction settles.

**Electronic Presentment/Posting**

If we receive notice that a check or other item deposited to your Self-Directed Account is being returned or that a check or electronic payment (e.g., at a point of sale) is being processed for collection, we may charge your Self-Directed Account on the day that a check or other transaction is presented (or returned) to us directly or electronically for payment. We may charge your Self-Directed Account or place a hold on funds at an earlier time.

**ATM and Point-of-Sale Limitations**

You may withdraw up to $1,000 per calendar day for ATM transactions based on your available funds. You may use your debit card for purchases up to $5,000 per calendar day based on your available funds. These amounts are subject to change at our discretion. You agree and understand that you do not have a right to stop payment on any card sales draft or cash withdrawal slip originated by the proper use of your debit card. For security reasons, there may be times when Morgan Stanley may further limit these amounts. You understand that different limitations may apply at terminals that are not owned and operated by Morgan Stanley.

If you conduct a transaction at an ATM that is not operated by Morgan Stanley, you may be charged a fee by the ATM operator or any network used. You may also be charged a fee for a balance inquiry even if you do not complete a funds transfer.

# Municipal Securities Rulemaking Board Client Education and Protection Brochure

Morgan Stanley Smith Barney, LLC is registered with the Municipal Securities Rulemaking Board (MSRB) and the SEC. The MSRB website address is https://www.msrb.org. An investor brochure that describes the protections available under MSRB rules and how to file a complaint with an appropriate regulatory authority may be obtained on the MSRB website.

# Municipal Advisor Rule; Disclosures for Municipal Entities and Obligated Persons

Morgan Stanley Wealth Management is not acting as a municipal advisor to any municipal entity or obligated person within the meaning of Section 15B of the Securities Exchange Act (the "Municipal Advisor Rule"). If you have a Brokerage Account, please note that: 1) Morgan Stanley Wealth Management does not owe you a fiduciary duty pursuant to the Municipal Advisor Rule when Morgan Stanley Wealth Management makes statements or provides you with information regarding your Brokerage Account; 2) Morgan Stanley Wealth Management may be acting for its own interests; and 3) before acting on any statements made or information provided by Morgan Stanley Wealth Management, you should consult any and all advisors as you deem appropriate.

# Short Positions in Municipal Securities

Morgan Stanley does not permit clients to sell municipal securities short. There are circumstances, however, that effectively create a Firm short position, such as a trading error or when a seller fails to deliver securities to fill a municipal bond order. The Firm will use a lottery to randomly allocate such a short position to a specific client account. It is possible that this short position could be allocated to the municipal bond position in your Self-Directed Account, in full or in part. In the limited instances where your municipal bond position is offset, in full or in part, versus a short position at the Firm, you could receive substitute interest that is paid by Morgan Stanley, not the issuer, and thus treated as taxable, rather than tax-exempt, for U.S. income tax purposes. In the event that you are paid substitute interest, you will receive an additional payment to account for U.S. income tax you may owe on receipt of both the substitute interest and the additional payment, which is intended to minimize the U.S. income tax consequences of receiving substitute interest. Your account statements and year-end tax reporting documents will reflect the receipt of taxable substitute interest, rather than tax-exempt interest in the event your municipal bond position is allocated to a Firm short position. Clients should consult with their tax advisors on the tax treatment of any substitute interest or additional payment, as Morgan Stanley does not provide tax advice.

# Retirement Account Rollovers and Transfers

***THINKING OF ROLLING OVER YOUR RETIREMENT ACCOUNT?***

The decision to roll over your retirement assets from a retirement plan or an IRA is one of the more important financial decisions you will make. Your retirement assets may represent a substantial source of your future retirement income and there are many factors you should consider in determining whether to roll over your assets, including:

1. All of the options available to you when you are eligible to take a distribution
2. The services and features available to you in a Qualified Retirement Plan ("QRP") and an Individual Retirement Account ("IRA")[8]
3. The differences in fees that you may pay in your QRP versus what you may pay in an E*TRADE from Morgan Stanley Self-Directed retirement account, including a Self-Directed IRA or a Self-Directed QRP offered by your current or former employer
4. The services and features that are most important to you regarding your retirement assets

[8] For information regarding the types of E*TRADE from Morgan Stanley Q R P's and I R A's we offer, go to https://us.etrade.com/what-we-offer/our-accounts#tab_2 and https://us.etrade.com/what-we-offer/our-accounts#tab_4

## *WHAT ARE MY DISTRIBUTION OPTIONS FROM MY QUALIFIED RETIREMENT PLAN?*

Typically, when you are eligible to take a distribution, you have the following four options with respect to the portion of your distribution that qualifies as an "eligible rollover distribution" (and you may engage in a combination of these options, depending on your employment status and the availability of the particular option).

1. Cash out the benefits and take a lump sum distribution from the current plan subject to mandatory 20% federal income tax withholding, as well as potential income taxes and the 10% early withdrawal penalty tax,

OR continue tax deferred growth potential by doing one of the following:

2. Leave the assets in the former employer's plan (if permitted),
3. Roll over the retirement assets into a new employer's qualified plan, if one is available and rollovers are permitted, or
4. Roll over the retirement assets into a Traditional or Roth IRA.[9]

Each of these options offers advantages and disadvantages, depending on your particular facts and circumstances (including your financial needs and your particular goals and objectives). Some of the factors you should consider when making your rollover decision, include (among other things) the differences in: (1) investment options, (2) fees and expenses (Note: the fees associated with an IRA will generally be higher than those associated with a plan), (3) services, (4) penalty tax-free withdrawals, (5) creditor protection in bankruptcy and from legal judgments, (6) required minimum distributions, (7) the tax treatment of employer stock if you hold such in your current plan, and (8) borrowing privileges (e.g., loans are not permitted from IRAs, and the availability from an employer's qualified retirement plan will depend on the terms of the plan). For additional educational information concerning your rollover options, please visit https://us.etrade.com/knowledge/library/retirement-planning/rollover-options.

Please note that these are just examples of the factors that may be relevant to you when analyzing your available options, other considerations may apply to your specific situation and the importance of any particular factor will depend upon your individual needs and circumstances. A rollover may not be right for everyone. Before rolling over your retirement plan assets to an IRA, you should carefully consider all your options and consult with your own legal and/or tax advisor.

FINRA has issued some relevant investor information, such as The IRA Rollover: 10 Tips to Making a Sound Decision. For more information, please go to www.FINRA.org.

## *ROLLING OVER YOUR IRA TO MORGAN STANLEY*

If you currently have an IRA at another financial institution and are considering rolling over or transferring those assets to a Self-Directed retirement account at Morgan Stanley, you should carefully evaluate the following:

- Will I pay more or less in fees?
- Will I have access to different investment products or services and how do those differences correlate to any additional fees?

## *CONFLICTS OF INTEREST AND OTHER IMPORTANT DISCLOSURES*

For a client with retirement assets in a QRP or IRA held at another financial institution, we benefit if the client rolls over or transfers those retirement assets to a Morgan Stanley QRP or IRA, as we can generally expect to earn transaction-based revenue from the Morgan Stanley QRP or IRA as well as revenue from the cash in the account, but generally will not earn compensation and/or other revenue if the assets remain in the QRP or IRA at another financial institution. Although you will not receive investment advice or a recommendation to transfer a QRP or IRA to an E*TRADE from Morgan Stanley Self-Directed

[9] A distribution from a non-Roth "eligible retirement plan" account that is rolled over into a Roth IRA is taxable (except to the extent the rollover consists of after-tax assets), similar to a Traditional IRA conversion to a Roth IRA.

retirement account, you may receive marketing and promotional offers to open E*TRADE from Morgan Stanley Self-Directed QRP/IRA or consolidate your retirement account assets held elsewhere into an E*TRADE from Morgan Stanley Self-Directed retirement account. Any such marketing or promotional offer is for educational and informational purposes only, encouraging you to explore your options, and is not a recommendation or solicitation to open a particular account or engage in any specific investment activities or strategies.

# Important Rollover Reminder

Based on a 2014 U.S. Tax Court decision, the Internal Revenue Service changed its position on indirect IRA-to-IRA rollovers subject to the 60-day rule. If an individual makes a tax-free rollover of any part of a distribution ("first distribution") from an IRA to the same or another IRA, the individual cannot make another tax-free rollover to an IRA of any subsequent IRA distribution the individual receives during the 12-month period beginning on the date the individual received the first distribution, no matter how many IRAs or the types of IRAs (i.e., Traditional, Roth, SIMPLE or SEP IRAs) the individual owns. Roth IRA conversions, trustee- to-trustee transfers between IRAs, IRA recharacterizations, and rollovers to or from eligible retirement plans (other than IRA-based plans) are not subject to this limitation.

For more information, visit the Internal Revenue Service website: https://www.irs.gov/retirement-plans/plan-participant-employee/rollovers-of-retirement-plan-and-ira-distributions.

# Guidance on After-Tax Distributions From Retirement Plans

The Internal Revenue Service (IRS) issued Notice 2014-54 on September 18, 2014, which eased the ability of participants in qualified retirement plans who have contributed after-tax money to the plans to move the after-tax money directly to a Roth IRA without incurring a tax liability. The effective date of this guidance was January 1, 2015, but the guidance was applicable to distributions made before the effective date, subject to certain limitations. These rules also apply to distributions from 403(b) and governmental 457(b) plans.

There are very specific allocation rules that apply under this IRS guidance, so if you have after-tax contributions in a qualified retirement plan and are considering a distribution, you should discuss the topic with the administrator of the qualified retirement plan, as well as your own independent legal and/or tax advisor. In order to take advantage of this IRS guidance, you must inform the plan administrator of your requested allocation prior to the time of the direct rollover, requesting the plan administrator to make two (or more) separate payments. For instance, if you want to roll over your pre-tax funds to your E*TRADE Traditional IRA and your after-tax funds to your E*TRADE Roth IRA, you must ask for two separate payments (e.g., two separate checks): one payable to E*TRADE FBO your Traditional IRA (for the pre-tax amount), and one payable to E*TRADE FBO your Roth IRA (for the after-tax amount).

# Mutual Funds

It's important to understand how mutual fund fees and expenses, and your choice of share class, affect your investment and return.

Please visit the Disclosure Library at https://us.etrade.com/l/f/disclosure-library/ and select the brochure titled "Mutual Funds" to review important information about mutual fund share classes and the types of fees and expenses you may be required to pay depending upon the share class you select. This summary also explains how Morgan Stanley is compensated when you invest in mutual funds. In general, the fees, expenses and payments described are specific to mutual fund investments. Other available investment options feature different fees and charges, and may provide less compensation to Morgan Stanley.

This information is specific to mutual fund sales on our E*TRADE from Morgan Stanley Self-Directed brokerage platform. For information on fees and expenses in Morgan Stanley's full-service brokerage and fee-based advisory account programs, please visit http://www. morganstanley.com/disclosures and/or the applicable Morgan Stanley ADV Brochure. Of course, you also need to consider the fund's investment objectives and policies, expenses and its risks.

You can also visit the websites sponsored by the U.S. Securities and Exchange Commission (www.SEC.gov) and the Financial Industry Regulatory Authority (www.finra.org) to obtain additional educational information about mutual funds.

**Note: Before buying any mutual fund, review the prospectus, which can be found at www.etrade.com/mutualfunds. The prospectus contains important information on fees, charges, risks and investment objectives, and should be considered carefully before investing. You can also find a copy of the fund's statement of additional information (SAI) for additional detail.**

## *E*TRADE FROM MORGAN STANLEY SELF-DIRECTED ACCOUNT PLATFORM CONSIDERATIONS*

### Trade Cut-Off Times

There are cut-off times for orders in mutual funds made available to Self-Directed Accounts. Please review your order confirmation screen closely, as it displays the day your order is submitted. In the event you place an order by phone, it is your responsibility to verify the day on which the order is submitted to the fund company. Generally, orders received before the cut-off times receive the net asset value ("NAV") calculated on that business day, whereas orders received after the cut-off time receive the NAV calculated on the next business day. The cut-off time for submitting mutual fund orders may be earlier than the cut-off time set by the mutual fund in its prospectus. It is your responsibility to verify with Morgan Stanley the cut-off time by which you must place your order to receive that business day's NAV.

### Trading Restrictions

You may purchase, sell, redeem and exchange shares only with mutual funds that have entered into selling agreements with Morgan Stanley. With respect to mutual funds that have no selling agreement with Morgan Stanley, you may redeem only mutual fund shares that you own and may not purchase additional shares or enter into new positions with that particular mutual fund. You understand that some mutual funds require original written redemption instructions. We reserve the right to reject any orders to purchase mutual fund securities because such securities are not authorized for sale in your state or for any other reason. You also understand that mutual funds may restrict the ability of their shareholders to engage in frequent purchases, redemptions, and exchanges of mutual fund shares ("market timing"). You understand that Morgan Stanley fully cooperates with specific fund company requests intended to permit the fund company to monitor and/or restrict market timing, which may include a request to limit order size or revoke trading privileges in a particular fund or an entire fund family. You further understand that a mutual fund company may reject an order at its sole discretion for any reason.

### Available Fund Data Information

We provide, for informational purposes only, data about the various mutual funds published by independent third parties, such as Morningstar, Inc. and Market on Demand. Fund commentary may also be provided by our affiliate, Morgan Stanley Investment Management Inc. We have no independent basis to verify or contradict the accuracy or completeness of the information provided.

# EXCHANGE-TRADED FUNDS

It's important to understand how exchange-traded fund ("ETF") fees and expenses affect your investment and return.

Please visit the Disclosure Library at https://us.etrade.com/l/f/disclosure-library/ and select the brochure titled "Exchange-Traded Funds" to review important information about ETF's . This summary also explains how Morgan Stanley is compensated when you invest in E T F's and identifies some conflicts of interest that you should be aware of. In general, the fees, expenses and payments are specific to E T F'sETFs. Other available. investment options feature different fees and charges, and may provide less compensation to Morgan Stanley.

This information is specific to ETF sales on our E*TRADE from Morgan Stanley Self-Directed brokerage platform. For information on fees and expenses in Morgan Stanley's full-service brokerage and fee-based advisory account programs, please visit http://www.morganstanley.com/disclosures and/or the applicable Morgan Stanley ADV Brochure.

In addition, please visit the Disclosure Library and select the brochures titled "Inverse/Leveraged Exchange-Traded Funds" and "Exchange-Traded Notes" for further information about exchange-traded products that present special characteristics and risks, and which may not be appropriate for most investors.

You can also visit the websites sponsored by the U.S. Securities and Exchange Commission (www.sec.gov) and the Financial Industry Regulatory Authority (www.finra.org) to obtain additional educational information about ETFs.

**Note: Before buying any ETF, review the prospectus, which can be found at www.etrade.com/etf. The prospectus contains important information on fees, charges, risks and investment objectives, and should be considered carefully before investing. You can also find a copy of the fund's statement of additional information (S A ISAI) for additional detail.**

# FUND LIQUIDITY RISK

Many investors rely on mutual funds, exchange-traded funds ("ETFs") and money market funds to meet their financial goals. It is important for investors to understand the liquidity risks involved with each product.

*Mutual Funds*

Shareholders in domestic mutual funds may redeem (that is e., sell) their investments on any business day. Although many mutual funds pay out redemptions within a few business days, investors should be aware that mutual funds may have up to seven days to fulfill redemption requests.

It is important to keep in mind that a number of factors play a role in a mutual fund's ability to provide liquidity to shareholders, including a fund's investment strategy. For example, mutual funds that invest in less liquid securities, such as bank loans and below-investment-grade securities, among others, may be more susceptible to liquidity concerns, particularly during times of market stress.

If a domestic mutual fund cannot fulfill its redemption requests, it must seek permission from the Securities and Exchange Commission (the "SEC") to suspend redemptions, which would likely lead to the liquidation of the fund. Although this has rarely occurred, it underscores that mutual funds are not guaranteed investments and can lose money.

*ETF's*

ETF's offer liquidity to investors in a different manner than mutual funds. Notably, investors buy and sell shares of E T F's on stock exchanges (hence their name), as opposed to directly transacting with the funds at prices based on their net asset values ("NAV"). As a result, the price of an ETF share is determined by the market as opposed to the value of the assets held by the ETF.

This impacts the liquidity of an E T F's shares. If few market participants want to buy or sell a particular ETF—that is e., it is "thinly traded"—an investor may have to accept a lower price if they desire to sell their ETF shares in the short term. This risk may be exacerbated during times of market stress if the trading volume for an ETF decreases or more participants desire to sell rather than buy an E T F's shares. Either case may lead to an investor selling their shares at a “discount” to what the E T F's ETF’sE T F's underlying holdings are actually worth.

ETF's rely on large institutions to make a market in their shares which provides liquidity to the trading of the ETF and can help keep the market price of ETF shares close to the NAV of the fund. Although this process has been generally successful, market disruptions, new types of E T F's and/or other events can make it difficult or impossible for such institutions to continue their market-making activities. As a result, E T F's can trade at substantial discounts to their N A V'sNAVs, which will negatively impact ETF shareholders, particularly those that need to sell their shares at such times.

### MONEY MARKET FUNDS

Similar to domestic mutual funds, shareholders in domestic money market funds may redeem their investments on any business day. While money market funds may have up to seven days to fulfill redemption requests, most do so the next business day. Even though money market funds are sometimes used for cash management purposes, they are not guaranteed investments.

Domestic money market funds are subject to specialized rules that seek to mitigate the risk that a fund will be unable to meet redemption requests. For instance, money market funds may use liquidity fees during times of market stress. This is intended to help money market funds manage redemptions without negatively impacting shareholders who remain invested in the funds. Please review a money market fund’s prospectus for more information on the use of liquidity fees.

It is also important to note that while domestic money market funds have been known for maintaining a stable $1.00 price per share, certain money market funds now maintain “floating” N A V'sNAVs, which means their share price fluctuates along with the value of the fund’s assets. Government money market funds, as well as “retail” money market funds that limit their investors to natural persons (as opposed to institutions and/or businesses), may continue to utilize stable share prices.

If despite these tools, a domestic money market fund cannot meet its redemption obligations or maintain a stable NAV, the fund may seek permission from the SEC to permanently suspend redemptions or do so without SEC approval if the fund promptly liquidates its assets afterwards. In addition, if a money market fund that seeks to maintain a stable NAV experiences negative yields, it also has the option of converting its stable NAV to a floating NAV, or to cancel a portion of its shares (which is sometimes referred to as a “reverse distribution mechanism” or “RDM”). Investors in money market funds that cancel shares will lose money and may experience tax consequences.

In addition to money market funds, many investors utilize ultra-short bond funds for cash management purposes. Please note that ultra-short bond funds are not money market funds and, as such, may not make use of the specialized tools for money market funds described above. Ultra-short bond funds have floating N A V's and are subject to market risk and the risks associated with debt securities. Please refer to an ultra-short bond fund’s prospectus for more information regarding the fund.

### CONCLUSION

Please consider your liquidity before investing in a mutual fund, ETF and/or money market fund. Investors should carefully review a fund’s prospectus, which describes the principal risks of investing in a fund, as well as a fund’s shareholder reports for additional information regarding fund liquidity.

# Closed-End Funds

It’s important to understand how closed-end fund (“C E FCEF”) fees and expenses affect your investment and return.

Please visit the Disclosure Library at https://us.etrade.com/l/f/disclosure-library/ and select the brochure titled “Closed-End Funds” to review important information about

CEF's. This summary also explains how Morgan Stanley is compensated when you invest in CEF's and identifies some conflicts of interest that you should be aware of. In general, the fees, expenses and payments are specific to C E F'sCEFs. Other available investment options feature different fees and charges, and may provide less compensation to Morgan Stanley.

This information is specific to CEF sales on our E*TRADE from Morgan Stanley Self-Directed brokerage platform. For information on fees and expenses in Morgan Stanley's full-service brokerage and fee-based advisory account programs, please visit http://www.morganstanley.com/disclosures and/or the applicable Morgan Stanley ADV Brochure.

You can also visit the websites sponsored by the U.S. Securities and Exchange Commission (www.sec.gov) and the Financial Industry Regulatory Authority (www.finra.org) to obtain additional educational information about C E F'sCEFs.

**Note: Before buying any CEF, review the prospectus, which you can access by contacting E*TRADE or visiting a C E F' s website. The prospectus contains important information on fees, charges, risks and investment objectives, and should be considered carefully before investing. With respect to C E F's for which a prospectus is no longer available, such as those purchased on the secondary market, please review other fund literature, such as fund shareholder reports.**

# Unit Investment Trusts

It's important to understand how unit investment trust (UIT) fees and expenses affect your investment and return.

Please visit the Disclosure Library at https://us.etrade.com/l/f/disclosure-library/ and select the brochure titled "Unit Investment Trusts" to review important information about UIT's. This summary also explains how Morgan Stanley is compensated when you invest in UIT's. In general, the fees, expenses and payments described are specific to UIT investments. Other available investment options feature different fees and charges, and may provide less compensation to Morgan Stanley.

This information is specific to UIT sales on our E*TRADE from Morgan Stanley Self-Directed brokerage platform. For information on fees and expenses in Morgan Stanley's full-service brokerage and fee-based advisory account programs, please visit http://www.morganstanley.com/disclosures and/or the applicable Morgan Stanley ADV Brochure.

You can also visit the websites sponsored by the U.S. Securities and Exchange Commission (www.SEC.gov) and the Financial Industry Regulatory Authority (www.FINRA.org) to obtain additional educational information about IT's. UITs.

**Note: Before buying any UIT, review the prospectus, which can be found by contacting E*TRADE or visiting the U I T's website. The prospectus contains important information on fees, charges, risks and investment objectives, and should be considered carefully before investing.**

# Guidance Regarding the Use of Stop Orders During Volatile Market Conditions

While stop orders may be a useful tool for investors who are unable to regularly monitor the price of their positions, stop orders are not without potential risks.

**Stop prices are not guaranteed execution prices.** A "stop order" becomes a "market order" when the "stop price" is reached, at which point the market order will be executed fully and promptly at the current market price. Therefore, the price at which a stop order ultimately is executed may be very different from your "stop price." Accordingly, while you may receive a prompt execution of a stop order that becomes a market order, during volatile market conditions, the execution may be at a significantly different price from the stop price if the market is moving rapidly.

**Stop orders may be triggered by a short-lived, dramatic price change.** During periods of volatile market conditions, the price of a stock can move significantly in a short period of time and trigger an execution of a stop order (and the stock may later resume trading at its prior price level). If your stop order is triggered under these circumstances, you may sell at an undesirable price even though the price of the stock may stabilize during the same trading day.

**Sell stop orders may exacerbate price declines during times of extreme volatility.** The activation of sell stop orders may add downward price pressure on a security. If triggered during a precipitous price decline, a sell stop order also is more likely to result in an execution well below the stop price.

**Placing a "limit price" on a stop order may help manage some of these risks.** A stop order with a "limit price" (a "stop limit" order) becomes a "limit order" when the stock reaches the "stop price." A "limit order" is an order to buy or sell a security for an amount no worse than a specific price (that is e., the "limit price"). By using a stop limit order instead of a regular stop order, you will receive additional certainty with respect to the price that you receive for the stock. However, you should be aware that, because E*TRADE cannot sell for a price that is lower (or buy for a price that is higher) than the limit price you selected, there is the possibility that the order will not be executed at all. You may consider using limit orders in cases where you prioritize achieving a desired target price more than getting an immediate execution irrespective of price.

## Payment for Order Flow and Other Routing Arrangements

Morgan Stanley is committed to providing the best execution for customers' orders. In furtherance of this commitment, we consider several factors, including price, the available liquidity pool, execution speed, transaction costs, service, and opportunities for price improvement, among other things, in determining where to route customer orders for execution. We regularly and rigorously monitor the quality of the executions provided by all market centers to which customer orders are routed to ensure those market centers are providing the best execution reasonably available under the circumstances.

Industry regulations require that we disclose whether we receive compensation for directing client orders for execution to various dealers, national securities exchanges, alternative trading systems ("ATSs"), including electronic communications networks ("ECNs"), and other market centers. This compensation is commonly referred to as "payment for order flow."

Morgan Stanley, either directly or indirectly, may route customer equity orders to national securities exchanges, A T S'sATSs, including ECNs, and other market centers, including its affiliate Morgan Stanley & Company LLC. Certain market centers offer compensation or other cash credits for orders that they execute. We receive payment for order flow from particular market centers for customer orders in National Market System (NMS) Securities (that is, exchange-listed stocks, Exchange Traded Products (E T P'sETPs), and standardized options) and over-the-counter securities that we direct to, and are executed at, such market centers. Morgan Stanley is compensated through its receipt of payment for order flow and will furnish upon written request the source and amount of any such compensation it received in connection with a particular transaction in the six months prior to the request. In accordance with SEC NMS Rule 606, we also publish a quarterly report detailing the material market centers to which we route orders in NMS Securities, the compensation we receive for such orders, and the material relationships with our market centers, online at https://us.etrade.com/l/quarterly-order-routing-report.

Morgan Stanley may also receive incremental pricing benefits from exchanges and/or ECN's if certain volume thresholds are met. In addition, Morgan Stanley may route certain customer orders (including orders for convertible bonds) to Morgan Stanley & Company LLC on behalf of Morgan Stanley, for which Morgan Stanley & Company Morgan Stanley & LLC is compensated.

Morgan Stanley may participate in retail liquidity and priority programs offered by one or more national securities exchanges under which eligible customers' orders marked with. specific order-handling codes may receive priority ahead of all other available interest at a given price level or other enhanced execution benefits. We review customers' activity on a periodic basis to determine program eligibility. Morgan Stanley reserves the right to choose, at its discretion, whether to participate in such programs.

Regarding options, we do not receive remuneration from Morgan Stanley & Company Company LLC for index options executions or for professional customer orders (generally orders of customers who submit an average of 390 options orders per trading day, per calendar month, on a quarterly basis). However, Morgan Stanley & Company LLC may receive remuneration from the U.S. options exchanges to which it routes or directs our customer options orders, in the form of rebates. Exchange rebates provided and fees charged to Morgan Stanley & Company LLC for our customer executions by options exchanges are not passed through to Morgan Stanley or our customers. However, Morgan Stanley is an affiliated company of Morgan Stanley & Company Company LLC, which is a market maker on various options exchanges and may realize profits from orders it routes for execution, which we may benefit from indirectly. Morgan Stanley and Morgan Stanley & Company LLC order execution volumes are combined on a monthly basis for tiered pricing program incentive purposes on certain U.S. options exchanges.

## Notice Regarding the Order Protection Rule

The following is being provided pursuant to F I N R A Rule 5320, the Order Protection Rule, a copy of which can be obtained at https://www.finra.org/.

FINRA Rule 5320 generally prohibits a broker-dealer that accepts and holds a customer order in an equity security from trading that security on the same side of the market for its own account at a price that would satisfy the customer order, unless it immediately thereafter executes the customer order up to the size of and at an equal or better price than it traded for its own account. However, with respect to orders of an “institutional account” as defined in F I N R A Rule 4512(c), or for orders of 10,000 shares or more with a value of at least $100,000, Rule 5320 permits that the order may be worked alongside principal orders handled by Morgan Stanley or our trade routing destinations and may not receive priority over these principal orders. Morgan Stanley or our trade routing destinations may trade principally alongside these orders to the extent that this principal activity either hedges or liquidates risk resulting from client stock or derivative facilitation. So long as either order is trading on a systematic, automated basis (Example g., through the use of a VWAP algorithm, which will trade based on the market’s volume-weighted average price during the trading day), in certain instances, principal discretionary orders may also be worked concurrently with your orders.

Your orders for equity securities that are less than 10,000 shares or $100,000 will continue to receive priority over Morgan Stanley or our trade routing destination’s principal orders. Morgan Stanley may trade principally at prices that would satisfy these trading orders through the use of internal controls, such as information barriers and separate lines of supervision, that operate to prevent a trading unit that handles principal positions from obtaining knowledge of these orders.

Additional information regarding the handling of your equity orders is available online at https://us.etrade.com/l/f/disclosure-library/order-handling.

## Circuit Breakers and Limit Up/Limit Down Trading Halts

The U.S. equity, options and futures exchanges have established procedures for coordinated cross-market trading halts in the event of a severe market price decline. These procedures, known as market-wide circuit breakers, may halt trading temporarily or, under extreme circumstances, close the markets before the normal close of the trading session. Orders will not be executed during a market-wide circuit breaker or limit up/limit down trading halt.

## "Held" Orders

Self-directed orders entered on the E*TRADE from Morgan Stanley platform will be treated as "Held" orders, meaning that Morgan Stanley will not exercise discretion in handling your order. Morgan Stanley will seek to promptly execute and/or route for execution Held market orders or Held marketable limit orders, subject to any limits that are applied to your orders by us.

Please note the execution price on "Held" market orders can vary widely from the price when the order is entered. We will not process market orders that will unduly impact price stability and may reject the order. Therefore, it is possible that your market order will not get executed completely or at all.

## "Not Held" Orders

An order received with a "Not Held" instruction means that we may exercise discretion in handling your order. With "Not Held" orders, we will look to follow client instructions or seek to minimize the price impact of the order. Please note "Not Held" orders may not get executed completely or at all.

## Day-Trading Risk Disclosure Statement

**Morgan Stanley provides the Day-Trading Risk Disclosure Statement (this "Statement") to you pursuant to F I N R A Rule 2270.**

You should consider the following points before engaging in a day-trading strategy. For purposes of this Statement, a "day-trading strategy" means an overall trading strategy characterized by the regular transmission by a client of intra-day orders to effect both purchase and sale transactions in the same security or securities.

**Day trading can be extremely risky.** Day trading generally is not appropriate for someone of limited resources and limited investment or trading experience and low risk tolerance. You should be prepared to lose all of the funds that you use for day trading. In particular, you should not fund day-trading activities with retirement savings, student loans, second mortgages, emergency funds, funds set aside for purposes such as education or home ownership, or funds required to meet your living expenses. Further, certain evidence indicates that an investment of less than $50,000 will significantly impair the ability of a day trader to make a profit. Of course, an investment of $50,000 or more will in no way guarantee success.

**Be cautious of claims of large profits from day trading.** You should be wary of advertisements or other statements that emphasize the potential for large profits in day trading. Day trading can also lead to large and immediate financial losses.

**Day trading requires knowledge of securities markets.** Day trading requires in-depth knowledge of the securities markets and trading techniques and strategies. In attempting to profit through day trading, you must compete with professional, licensed traders employed by securities firms. You should have appropriate experience before engaging in day trading.

**Day trading requires knowledge of a firm's operations.** You should be familiar with a securities firm's business practices, including the operation of the firm's order execution systems and procedures. Under certain market conditions, you may find it difficult or impossible to liquidate a position quickly at a reasonable price. This can occur, for example, when the market for a stock suddenly drops, or if trading is halted due to recent news events or unusual trading activity. The more volatile a stock is, the greater the likelihood that problems may be encountered in executing a transaction. In addition to normal market risks, you may experience losses due to system failures.

**Day trading will generate substantial commissions, even if the per trade cost is low.** Day trading involves aggressive trading, and generally you will pay commissions on each trade. The total daily commissions that you pay on your trades will add to your losses or significantly reduce your earnings. For instance, assuming that a trade costs $16 and an average of 29 transactions are conducted per day, an investor would need to generate an annual profit of $111,360 just to cover commission expenses.

**Day trading on margin or short selling may result in losses beyond your initial investment.** When you day trade with funds borrowed from a firm or someone else, you can lose more than the funds you originally placed at risk. A decline in the value of the securities that are purchased may require you to provide additional funds to the firm to avoid the forced sale of those securities or other securities in your account. Short selling as part of your day-trading strategy also may lead to extraordinary losses, because you may have to purchase a stock at a very high price in order to cover a short position.

**Potential Registration Requirements.** Persons providing investment advice for others or managing securities accounts for others may need to register as either an "Investment Adviser" under the Investment Advisers Act of 1940 or as a "Broker" or "Dealer" under the Securities Exchange Act of 1934. Such activities may also trigger state registration requirements.

# Extended Hours Trading Risk Disclosure Statement

Extended hours trading systems may vary in certain aspects from trading on primary exchanges during regular market hours. "Extended hours trading" means trading outside of regular trading hours. "Regular trading hours" generally means the time between 9:30 a.m. and 4:00 p.m. Eastern Standard Time. Morgan Stanley in its sole discretion may change which trading systems are available to you.

## RISK DISCLOSURES

Purchases and sales during extended hours trading sessions are subject to a variety of risks, in addition to the risks normally associated with investing. These risks include, but are not limited to:

- Risk of Lower Liquidity. Liquidity refers to the ability of market participants to buy and sell securities. Generally, the more orders that are available in a market, the greater the liquidity. Liquidity is important because with greater liquidity it is easier for investors to buy or sell securities and, as a result, investors are more likely to pay or receive a competitive price for securities purchased or sold. There may be lower liquidity in extended hours trading as compared to regular trading hours. As a result, your order may only be partially executed, or not at all.
- Risk of Higher Volatility. Volatility refers to the changes in price that securities undergo when trading. Generally, the higher the volatility of a security, the greater its price swings. There may be greater volatility in extended hours trading than in regular trading hours. As a result, your order may only be partially executed, or not at all, or you may receive an inferior price when engaging in extended hours trading than you would during regular trading hours.
- Risk of Changing Prices. The prices of securities traded in extended hours trading may not reflect the prices either at the end of regular trading hours, or upon the opening the next morning. As a result, you may receive an inferior price when engaging in extended hours trading than you would during regular trading hours.
- Risk of Unlinked Markets. Depending on the extended hours trading system or the time of day, the prices displayed on a particular extended hours trading system may not reflect the prices in other concurrently operating extended hours trading systems dealing in the same securities. Accordingly, you may receive an inferior

price in one extended hours trading system than you would in another extended hours trading system.

- Risk of News Announcements. Normally, issuers make news announcements that may affect the price of their securities after regular trading hours. Similarly, important financial information is frequently announced outside of regular trading hours. In extended hours trading, these announcements may occur during trading, and if combined with lower liquidity and higher volatility, may cause an exaggerated and unsustainable effect on the price of a security.
- Risk of Wider Spreads. The spread refers to the difference in price between what you can buy a security for and what you can sell it for. Lower liquidity and higher volatility in extended hours trading may result in wider than normal spreads for a particular security.

# Policies For Handling Information Related to US Treasury Securities Auctions and Customer Reporting Requirements

Protecting the confidentiality and security of client information is an important part of how we conduct our business. Morgan Stanley has reasonable controls that are designed to protect your confidential information, both internally (on a need to know basis) and externally. This includes client bids submitted in U.S. Treasury ("UST") auctions and actual or potential transactions in "when issued" UST securities, UST futures and UST swaps.

If you are bidding competitively for $100 million or more of UST notes, bills or bonds, please be advised that Morgan Stanley is required to inform you that you are obligated to report your net long position to the U.S. Treasury, if and as required by Section 356.13 of Department of the Treasury Circular accessible at the following link: https://www.ecfr.gov/current/title-31/subtitle-B/chapter-II/subchapter-A/part-356/subpart-B/section-356.13.

# Callable Securities

When a security is subject to a partial redemption by the issuer, the issuer notifies Morgan Stanley, via a central industry depository, of the number of units for the specific security to be redeemed. Upon receipt of the issuer's notification of a mandatory redemption, Morgan Stanley determines the favorability of the redemption based on the current market price versus the call price. When the redemption of the callable security is made on terms that are favorable to the called parties, Morgan Stanley does not include any firm or employee accounts in the pool of securities eligible to be called until all other customers' positions in such securities have been called. When the redemption is made on terms that are unfavorable to the called parties, Morgan Stanley does not exclude firm or employee accounts from the pool of the securities eligible to be called.

Once the favorability of the redemption has been determined, Morgan Stanley uses a random process designed to allocate called securities on a fair and impartial basis. The lottery process is based on a mathematical formula that determines the accounts that will be selected and the number of securities in the account that will be redeemed.

As a result of the call, you may be left with a position either below the minimum. denomination of the security or in an amount that is not an authorized denomination of the security. Such a position may have less, limited or no liquidity depending on the type of security, issuer, size of position or other factors.

As required under F I N R A 4340 4340—"Callable Securities," Morgan Stanley Smith Barney LLC is providing our customers with a link to the firm's allocation procedures related to callable securities located on the Morgan Stanley website: https://www.morganstanley.com/about-us-ir/finra.

Additionally, a hard copy of the allocation procedures will be provided to customers upon request.

## Covering Short Positions Related to a Partial Call

Many municipal and corporate bonds have a sinking fund clause in their indenture, where the issuer has the right to call in whole or in part the issue at designated times. When a bond issuer announces a partial call, holders of the issue, who have settled positions as of the announced publication date, are subject to participation in the partial call. Any holder who holds the bond settled in their account as of the announced publication date may be selected to have their holding called away in full or in part.

If an account is selected in a partial call lottery, that position cannot be sold. In some cases, an account may sell their position on or immediately before the announced publication date. In these cases, if the account is also selected in a partial call event, the partial call takes precedence over any sale and any resulting short position must be covered by the client.

## Dividends, Interest and Subscription Rights

We may receive periodic payments, such as dividends and interest, on your behalf and we will generally credit your Self-Directed Account on or shortly after the date the funds are received by or on behalf of Morgan Stanley. Foreign dividends and interest are generally credited to your account on or shortly after the date the funds are received by or on behalf of Morgan Stanley and converted to U.S. currency. With respect to open orders on foreign securities for which a corporate action is declared, however, please reference etrade.com for more information.

## For California Residents Age 65 or Older

Pursuant to Section 789.8 of the California Insurance Code, it is important that you are aware that the sale or liquidation of any stock, bond, I R A, certificate of deposit, mutual fund, annuity or other asset to fund the purchase of any life insurance or annuity product may have tax consequences, early withdrawal penalties, or other costs or penalties as a result of the sale or liquidation. You may wish to consult an independent legal or tax advisor before selling or liquidating any assets prior to the purchase of any life insurance or annuity products.

# Notice of Escheatment

Depending on your mailing address, the property in your Self-Directed Account(s) may be transferred to the appropriate state if we are unable to contact you by mail or email and no activity has occurred in your Self-Directed Account(s) within the time period specified by state law.

# Third-Party Websites and Content Providers

By accessing other websites through links provided on etrade.com, you understand and agree to the following: (1) the material available on these sites has been produced by independent providers unaffiliated with Morgan Stanley; (2) any opinions or recommendations expressed are solely those of the independent providers and are not the opinions or recommendations of Morgan Stanley or its affiliates; and (3) in addition to Morgan Stanley policies and procedures, you may be subject to various policies and procedures that govern handling data from these independent providers, which may differ from our policies and procedures.

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Morgan Stanley Smith Barney LLC, its affiliates and employees are not in the business of providing tax or legal advice. Any taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax advisor.