

FUTURES COMMISSION MERCHANT RELATED DISCLOSURE AND POLICY

Futures Commission Merchant Material Conflicts of Interest

The purpose of this disclosure is to provide you with information about some of the material conflicts of interest that may arise between you and Morgan Stanley & Co. LLC (“FCM”) in connection with FCM performing services for you with respect to futures, options on futures, swaps (as defined in the Commodity Exchange Act), forwards or other commodity derivatives (“Contracts”). Conflicts of interests can arise in particular when FCM has an economic or other incentive to act, or persuade you to act, in a way that favors FCM or its affiliates.

Under applicable law, including regulations of the Commodity Futures Trading Commission (“CFTC”), not all swaps are required to be executed on an exchange or swap execution facility (each, a “Trading Facility”), even if a Trading Facility lists the swap for trading. In such circumstances, it may be financially advantageous for FCM or its affiliate to execute a swap with you bilaterally in the over-the-counter market rather than on a Trading Facility and, to the extent permitted by applicable law, we may have an incentive to persuade you to execute your swap bilaterally.

Applicable law may permit you to choose the CFTC-registered derivatives clearing organization (“Clearing House”) to which you submit a swap for clearing. You should be aware that FCM may not be a member of, or may not otherwise be able to submit your swap to, the Clearing House of your choice. FCM consequently has an incentive to persuade you to use a Clearing House of which FCM or its affiliate is a member.

You also should be aware that FCM or its affiliate may own stock in, or have some other form of ownership interest in, one or more U.S. or foreign Trading Facilities or Clearing Houses where your transactions in Contracts may be executed and/or cleared. As a result, FCM or its affiliate may receive financial or other benefits related to its ownership interest when Contracts are executed on a given Trading Facility or cleared through a given Clearing House, and FCM would, in such circumstances, have an incentive to cause Contracts to be executed on that Trading Facility or cleared by that Clearing House. In addition, employees and officers of FCM or its affiliate may also serve on the board of directors or on one or more committees of a Trading Facility or Clearing House.

In addition, Trading Facilities and Clearing Houses may from time to time have in place other arrangements that provide their members or participants with volume, market-making or other discounts or credits, may call for members or participants to pre-pay fees based on volume thresholds, or may provide other incentive or arrangements that are intended to encourage market participants to trade on or direct trades to that Trading Facility or Clearing House. FCM or its affiliate may participate in and obtain financial benefits from such incentive programs.

When we provide execution services to you (either in conjunction with clearing services or in an execution-only capacity), we may direct orders to affiliated or unaffiliated market-makers, other executing firms, individual brokers or brokerage groups for execution. When such affiliated or unaffiliated parties are used, they may, where permitted, agree to price concessions, volume

discounts or refunds, rebates or similar payments in return for receiving such business. Likewise, where permitted by law and the rules of the applicable Trading Facility, we may solicit a counterparty to trade opposite your order or enter into transactions for its own account or the account of other counterparties that may, at times, be adverse to your interests in a Contract. In such circumstances, that counterparty may make payments and/or pay a commission to FCM in connection with that transaction. The results of your transactions may differ significantly from the results achieved by us for our own account, our affiliates, or for other customers.

In addition, where permitted by applicable law (including, where applicable, the rules of the applicable Trading Facility), FCM, its directors, officers, employees and affiliates may act on the other side of your order or transaction by the purchase or sale for an account, or the execution of a transaction with a counterparty, in which FCM or a person affiliated with FCM has a direct or indirect interest, or may effect any such order with a counterparty that provides FCM or its affiliates with discounts related to fees for Contracts or other products. In cases where we have offered you a discounted commission or clearing fee for Contracts executed through FCM as agent or with FCM or its affiliate acting as counterparty, FCM or its affiliate may be doing so because of the enhanced profit potential resulting from acting as executing broker or counterparty.

FCM or its affiliate may act as, among other things, an investor, research provider, placement agent, underwriter, distributor, remarketing agent, structurer, securitizer, lender, investment manager, investment adviser, commodity trading advisor, municipal advisor, market maker, trader, prime broker or clearing broker. In those and other capacities, FCM, its directors, officers, employees and affiliates may take or hold positions in, or advise other customers and counterparties concerning, or publish research or express a view with respect to, a Contract or a related financial instrument that may be the subject of advice from us to you. Any such positions and other advice may not be consistent with, or may be contrary to, your interests or to positions which are the subject of advice previously provided by FCM or its affiliate to you, and unless otherwise disclosed in writing, we are not necessarily acting in your best interest and are not assessing the suitability for you of any Contract or related financial instrument. Acting in one or more of the capacities noted above may give FCM or its affiliate access to information relating to markets, investments and products. As a result, FCM or its affiliate may be in possession of information which, if known to you, might cause you to seek to dispose of, retain or increase your position in one or more Contracts or other financial instruments. FCM and its affiliate will be under no duty to make any such information available to you, except to the extent we have agreed in writing or as may be required under applicable law.

Derivatives Client Clearing Policy

The Firm's derivatives clearing business is highly competitive. The OTC Derivative Client Clearing department decides whether to accept a prospective client for derivatives clearing based on various factors which may include, among others: (1) the credit worthiness of the prospective client; (2) the prospective client's market activities, including without limitation the expected volume of trades for clearing and the risk to the Firm associated with those trades; (3) the availability of resources to clear trades for clients; (4) the nature of the prospective client's current relationship with the Firm; and (5) the completion of appropriate account documentation.

The Firm sets price levels for derivatives clearing based on a variety of factors including without limitation the credit worthiness of the prospective client and the expected volume of the trades for clearing. The Clearing Unit may also consider the prospective client's overall trading relationship with the Firm, including without limitation its existing or potential contribution to the Firm's overall revenue.

SWAP DEALER RELATED DISCLOSURE AND POLICY

Swap Dealer Material Conflicts of Interest

Morgan Stanley Capital Services LLC, Morgan Stanley & Co. LLC, Morgan Stanley Capital Group Inc., Morgan Stanley Bank N.A., Morgan Stanley Derivative Products Inc. and/or any of their affiliates that are registered with the Commodity Futures Trading Commission as “Swap Dealers” may engage in business with you in capacities other than as counterparty to swap or U.S. Treasury-exempt foreign exchange transactions (collectively, “Transactions”). Such other capacities might include acting as your broker or futures commission merchant in executing orders for securities or futures contracts, providing clearing or custody services, acting as a lender, providing banking services to you, acting as underwriter, placement, or remarketing agent with respect to securities issued by you, providing research services to you, managing investments, acting as a municipal advisor, collateral valuation agent, data provider, or any of the other relevant capacities in which we or an affiliate may act in financial or commercial markets.

There are important differences in the nature of our relationship when we act as counterparty to Transactions, as distinguished from the various other capacities in which we or our affiliates may act. As counterparty to Transactions, we enter into the Transactions as principal, and our interests are directly adverse to yours when we negotiate the terms of a Transaction or related documentation, or make determinations or exercise our rights thereunder. In contrast, in some other capacities, the primary purpose of our or our affiliate’s relationship with you may be to facilitate your transacting with other parties as principal, provide advice, or hold financial assets on your behalf.

We may on a regular basis trade (taking long or short positions, or both concurrently) in instruments identical or economically related to your Transactions or the underliers. We may engage in these activities for our own accounts, for accounts under management or to facilitate transactions (including block transactions) on behalf of customers.

We or an affiliate may also act as your counterparty in contractual arrangements that are not Transactions. In such cases, other applicable laws, regulations, internal policies or procedures, or rules of a self-regulatory organization may govern matters such as the handling and execution of orders, standards of care, disclosure of information, conflicts of interest, fees, and compensation or the segregation and control of assets held for safekeeping on your behalf. The duties and standards to which we or an affiliate are subject when acting in such other capacities may differ materially from those that apply when we act as counterparty to Transactions, and may (or may not) afford substantially greater protections to you. **When we act in a particular capacity, we shall have only the duties and responsibilities that pertain specifically to that capacity.**

Acting in the various capacities noted above or elsewhere may give us broad access to the current status of certain markets, investments and products. For example, we may have investment banking or other commercial relationships with and access to information from the issuer(s) of securities, financial instruments, or other interests underlying your Transactions. As a result, we may be in possession of information, which, if known to you, might cause you to seek to dispose of, retain or increase interests in one or more Transactions. Unless otherwise agreed,

we will be under no duty to make any such information available to you, except to the extent that disclosure may be required under applicable law.

Where you provide us with information relating to an order, inquiry, or potential transaction, we may use that information to facilitate execution and in managing our market making and hedging activities.

We may have an ownership or other economic interest (such as the right to receive payment for order flow, reporting or other fees) in a swap execution facility, designated contract market, national securities exchange, or other trading venue on which Transactions may be executed. We may have ownership or other economic interests in a clearinghouse to which a Transaction executed between us could be submitted or given up for clearing. We may have access to one or more trading venues or clearinghouses and not others, and thus may not otherwise be able to submit your swap to the clearinghouse of your choice. We consequently have an incentive to persuade you to use a clearinghouse of which we or one of our affiliates is a member.

Our directors or employees may serve as directors of one or more trading venues or clearinghouses. In such cases, we may derive financial or other benefits if your Transaction is executed and/or cleared at such venue or clearinghouse (for example, through volume discounts). Conversely, it may be financially advantageous for us if a Transaction is executed bilaterally and not cleared (applicable law permitting). For example, we may incur lower funding costs, derive a funding benefit or face more favorable market conditions in which to hedge our exposure resulting from a Transaction.

If we act as your agent for the execution of Transactions, subject to applicable law, we may have discretion to decide where to direct your orders, to solicit persons to trade opposite those orders, or to enter into Transactions opposite those orders for our own account or the account of our affiliates or customers. We may derive financial and other benefits (such as the right to receive payment for order flow, reporting or other fees) from such decisions. We (including an affiliate of your named counterparty) may act as your futures commission merchant or other clearing broker with respect to cleared Transactions. A clearing broker may earn a return from the investment of customer funds deposited to margin cleared Transactions. Accordingly, we may have an incentive to encourage you to use our services (including those of an affiliate) as your futures commission merchant or other clearing broker.

Our financial market activities may, individually or in the aggregate, have the effects noted above, and you should expect that our interests, and the interests of our customers or other counterparties, may at times be adverse to your interests under or in connection with Transactions we conduct with you. **Unless otherwise disclosed in writing, we are not necessarily acting in your best interests and we are not assessing the suitability of the Transaction for you.**

If you believe you need assistance in evaluating and understanding the terms or risks of a Transaction or the legal, tax, and accounting requirements and results of entering into the Transaction, you should consult appropriate advisors.

Right to Segregation of Certain Collateral

With respect to any uncleared swap transaction entered into on or after December 31, 2012, subject to the terms of any agreement between us and to applicable laws, you will have the right to require segregation of the funds or other property that you provide to us to margin, guarantee, or secure your obligations, other than with respect to variation margin and provided that the property is of a type that may be held by a third party custodian. Upon your request following receipt of this notice, we will make arrangements with you to segregate such funds or other property for your benefit, including maintaining the funds or other property in a segregated account separate from our assets and other interests, which account shall be carried by an independent third party custodian and designated as a segregated account for and on your behalf. The terms of our swap transactions with you may provide for you to reimburse us for the costs of such custodial arrangements, or alternatively we may reflect such costs in the economic terms swap transactions we offer you.

Right to Receive Daily Marks from Derivatives Clearing Organizations

For cleared swap transactions originally executed by you with Morgan Stanley, you have the right to receive the daily mark from the relevant derivatives clearing organization upon request.

Voice Recording

In accordance with applicable laws and regulations, Morgan Stanley records certain telephone conversations with outside parties. By communicating with Morgan Stanley, you consent to the voice recording of conversations with personnel of Morgan Stanley.

Address for Complaints

Morgan Stanley's address for complaints is as follows:

Morgan Stanley
1221 Sixth Avenue
New York, NY 10036
Attn: ISG LCD
E-mail: swapsinquiries@morganstanley.com