

The information contained in this Disclosure Statement may not be modified by any oral representation made prior or subsequent to the purchase of your Certificate of Deposit.

DISCLOSURE STATEMENT

(\$100,000 Certificates of Deposit)

***** \$100,000 Jumbo CDs are Non-Transferable *****

The certificates of deposit described below (the “CDs”) are issued only in \$100,000 denominations and are made available by Morgan Stanley Smith Barney LLC (“Morgan Stanley”). Each CD is a deposit obligation of a depository institution domiciled in the United States or one of its territories (an “Issuer”), the deposits and accounts of which are insured by the Federal Deposit Insurance Corporation (the “FDIC”) within the limits described below. Each CD constitutes a direct obligation of the Issuer and is not, either directly or indirectly, an obligation of Morgan Stanley. The CDs may be purchased both upon issuance (the “primary market”) and after issuance (the “secondary market”). Morgan Stanley will advise you of the names of Issuers currently making the CDs available and, if your CD is purchased in the primary market, the date on which your CD will be established with the Issuer (the “Settlement Date”).

Information on Issuers

In making an investment decision, investors must rely on their own examination of the Issuer and the terms of the offering, including the merits and risks involved.

Upon request, you will be provided with financial information concerning the Issuer that you would receive upon request if you established a deposit account directly with the Issuer. Morgan Stanley does not guarantee in any way the financial condition of any Issuer or the accuracy of any financial information provided by the Issuer.

An Issuer may use proceeds from the sale of the CDs for any purpose permitted by law and its charter, including making loans to eligible borrowers and investing in permissible financial products. Morgan Stanley or one of its affiliates may from time to time act as a broker or dealer in the sale of permissible financial products to an Issuer.

The CDs of any one Issuer that you may purchase will be eligible for FDIC insurance up to \$250,000 (including principal and accrued interest) for each insurable capacity (e.g., individual, joint, IRA, etc.). For purposes of the \$250,000 federal deposit insurance limit, you must aggregate all deposits that you maintain with the Issuer in the same insurable capacity, including deposits you hold directly with an Issuer and deposits you hold through Morgan Stanley and other intermediaries.

The CDs may not be resold in denominations of less than \$100,000 and may only be held through Morgan Stanley or an affiliate of Morgan Stanley.

Terms of CDs

The maturities, rates of interest and interest payment terms of the CDs available through Morgan Stanley will vary. You should review carefully the trade confirmation and any supplement to this Disclosure Statement for a description of the terms of the CD. You should also review the investment considerations discussed below in the section headed “Important Investment Considerations.”

The CDs will mature on the date indicated on the trade confirmation. The CDs will not be automatically renewed or rolled over and interest on the CDs will not continue to accrue after maturity. At maturity the CD balances will be remitted by the Issuer to Morgan Stanley and credited to your account with Morgan Stanley. If the maturity date is not a business day, the CD balances will be paid on the next succeeding business day. A business day is any day Morgan Stanley and the Issuer are both open for business.

Some CDs may be subject to redemption on a specified date or dates **at the sole discretion of the Issuer** (a “call”). If the CD is called, you will be paid all principal and interest accrued up to, but not including, the call date. No interest will be earned after the call date. The dates on which the CDs may be called will be specified in the trade confirmation or a supplement to this Disclosure Statement.

Interest-Bearing CDs. The CDs are offered in a wide range of maturities, but are made available only in denominations of \$100,000. Unless otherwise specified in the trade confirmation or any supplement to this Disclosure Statement, interest earned on interest-bearing CDs with original maturities of one year or less will be paid at the maturity of such CDs and interest earned on interest-bearing CDs with original maturities of more than one year will be paid monthly, quarterly, semiannually or annually and at maturity.

Interest payments on interest-bearing CDs are credited to your account with Morgan Stanley. Interest will accrue up to, but not including the interest payment date, the maturity date, or any call date. If an interest payment date falls on a day that is not a business day, interest will be paid on the first business day following the interest payment date.

Interest on CDs is not compounded. Interest on CDs in the primary market is calculated on the basis of the actual number of days elapsed over a 365 day year. However, the amount of interest on CDs that are purchased in the secondary market may be based on other interest rate calculations. Please contact Morgan Stanley with questions about interest on your CDs.

Interest-bearing CDs pay interest at either a fixed-rate or at a variable rate. A fixed-rate CD will pay the same interest rate throughout the life of the CD. The interest rate on variable rate CDs may increase or decrease from the initial rate at pre-determined time periods (“step-rates”) or may be re-set at specified times based upon the change in a specific index or indices (“floating rates”). The dates on which the rates on step-rate CDs will change or the rates on floating rate CDs will re-set, as well as a description of the basis on which the rate will be re-set, are provided on the trade confirmation or a supplement to this Disclosure Statement.

Important Investment Considerations

Buy and Hold. CDs are most appropriate for purchasing and holding to maturity. If your CD is callable by the Issuer you should be prepared to hold your CD according to its terms. Though not obligated to do so, Morgan Stanley may maintain a secondary market in the CDs after their Settlement Date. If you are able to sell your CD in the secondary market, the price you receive will reflect prevailing market conditions and your sales proceeds may be less than the amount you paid for your CD. If you wish to sell or withdraw funds from your CD prior to maturity, you should review the sections headed “Additions or Withdrawals” and “Secondary Market.” You should be aware that large denomination CDs may be less liquid than smaller denomination CDs. Your CD may not be resold in denominations of less than \$100,000.

Compare Features. You should compare the rates of return and other features of the CDs to other available investments before deciding to purchase a CD. The rates paid on the CDs may be higher or lower than the rates on deposits or other instruments available directly from the Issuer or through Morgan Stanley.

Information About Callable CDs.

- Callable CDs present different investment considerations than CDs not subject to call by the Issuer and may not be appropriate for every investor. You should carefully review your trade confirmation and any supplement to this Disclosure Statement for the terms of the CD including the time periods when the Issuer may call the CD.
- The Issuer may decide in its sole discretion to call a CD before its maturity in accordance with the terms of the CD. The Issuer is not obligated to call a CD. Morgan Stanley does not control or influence whether or when an Issuer decides to exercise a call. You should be aware that the Issuer will call a CD, if at all, when it is most advantageous for the Issuer to do so without reference to your investment needs. The Issuer is most likely to call the CDs when interest rates on comparable deposit obligations are lower than the interest rate payable on the CDs.
- Depending on the terms of the CDs, you face the risk that:
 - (i) the CD may be paid off prior to maturity as a result of a call by the Issuer and your return would be less than the yield that the CD would have earned had it been held to maturity;
 - (ii) if the CD is called, you may be unable to reinvest your funds at the same rate as the original CD and you may be confronted with a less favorable interest rate environment than when your initial purchase of the CD was made; or
 - (iii) the CD may not be called and you may be required to hold the CD until maturity. You should carefully review any supplement to this Disclosure Statement or your trade confirmation for the terms of your CD, including the time periods when the Issuer may call your CD.
- Morgan Stanley is not responsible for any losses you may incur as a result of an Issuer’s decision to exercise or not exercise a call. You do not have the right to redeem the CDs (except for the limited early withdrawal rights described in the section headed “Additions or Withdrawals”).

Information About Variable-Rate CDs. Variable-rate CDs present different investment considerations than fixed-rate CDs and may not be appropriate for every investor. Depending on the type of variable rate CD (step-rate or floating-rate) and the interest rate environment, the CD may pay substantially more or substantially less interest over the term of the CD than would be paid on a fixed-rate CD of the same maturity. Furthermore, if the CD is subject to call by the Issuer, (i) you may not receive the benefits of any anticipated increase in rates paid on a variable-rate CD if the CD is called or (ii) you may be required to hold the CD at a lower rate than prevailing market interest rates if the CD is not called. You should carefully review your trade confirmation and any supplement to this Disclosure Statement that describes the step-rate or the basis for re-setting a floating rate and, if the CD is subject to call by the Issuer, the time periods when the Issuer may call the CD.

Insolvency of the Issuer. If the Issuer becomes insolvent, the FDIC will be appointed to manage the Issuer’s affairs. The FDIC may, in its discretion, pay off the CDs prior to maturity or transfer the CDs to another depository institution. If the CDs are transferred to another institution, you may be offered a choice of retaining the CDs at a lower interest rate or having the CDs paid

off. See the sections headed “Deposit Insurance: General” and “Payments Under Adverse Circumstances.”

Reinvestment Risk. If your CD is paid off prior to maturity as a result of the Issuer’s insolvency, exercise by the Issuer of any right to call the CD or a voluntary early withdrawal (see the section headed “Additions or Withdrawals”) you may be unable to reinvest your funds at the same rate as the original CD. Morgan Stanley is not responsible to you for any losses you may incur as a result of a lower interest rate on an investment replacing your CD.

SEC Investor Tips. The Securities and Exchange Commission periodically publishes tips for investors in various financial products, including CDs, on its website. You may access these investor tips at www.sec.gov.

Your Relationship with Morgan Stanley and the Issuer

You will not receive a certificate or other evidence of ownership of the CD from the Issuer. All CDs issued on the same settlement date with the same terms by an Issuer will be evidenced by one or more master certificates held by The Depository Trust Company (“DTC”), a regulated entity that holds master certificates. Morgan Stanley & Co. LLC, acting as your custodian, keeps records of your ownership of each CD you purchase and will provide you with a written confirmation of your purchase. Morgan Stanley will also provide you with a periodic account statement showing your CD ownership. You should retain the trade confirmation and the account statement(s) for your records.

Your account statement from Morgan Stanley may provide an estimate of the price you might receive on your CDs if you were able to sell them in the secondary market prior to maturity. Any prices on your statement are estimates and are not based on actual market prices. You may ask Morgan Stanley to explain its statement pricing policies. Your deposit insurance coverage and, if your CD is callable, the amount you would receive if your CD were called will be determined based on the outstanding principal amount of your CD, not the estimated price. See the sections headed “Deposit Insurance: General” and “Secondary Market” for more information.

Each CD is a direct obligation of the Issuer and is not, either directly or indirectly, an obligation of Morgan Stanley. No deposit relationship shall be deemed to exist prior to the receipt and acceptance of your funds by the Issuer.

If you choose to remove Morgan Stanley as your agent with respect to your CD, you may have the ownership of your CD evidenced directly on the books of the Issuer. Because Morgan Stanley & Co. LLC is holding the master certificate, **you may not transfer your CD from Morgan Stanley to another broker-dealer.** Evidence of your ownership of the CD on the Issuer’s books will be subject to applicable law and the Issuer’s terms and conditions, including those related to the manner of evidencing CD ownership. If you choose to remove Morgan Stanley as your agent, Morgan Stanley will have no further responsibility for payments made with respect to your CD. If you establish your CD directly on the books of the Issuer you will have the ability to enforce your rights in the CD directly against the Issuer.

Deposit Insurance: General

Your deposits, including your CDs, at each Issuer are insured by the FDIC, an independent agency of the United States Government, up to \$250,000 (including principal and accrued interest to the date the bank is closed) for all deposits held in the same insurable capacity at the Issuer. Any deposits that you may maintain directly with a particular Issuer, or through any other intermediary in the same insurable capacity in which the CDs are maintained, will be aggregated with the CDs for purposes of the \$250,000 federal deposit insurance limit.

The FDIC’s regulations impose conditions for obtaining FDIC insurance coverage for deposits held through agents, such as the Firm. These conditions include recordkeeping requirements applicable to the Firm as your agent and custodian. See the section headed “Payments Upon Issuer Insolvency” below.

If an Issuer fails, interest-bearing CDs are insured, up to \$250,000, for principal and interest accrued to the date the Issuer is closed.

Under certain circumstances, if you become the owner of a CD or other deposit account at an Issuer after another depositor dies as a result of a survivorship feature of the account, such as a joint account or a “payable on death” account, the FDIC provides a six-month “grace period” after the death of the other depositor during which time your deposits are eligible for the pre-death coverage in order to permit you to restructure your deposits to obtain the maximum amount of deposit insurance for which you are eligible.

You are responsible for monitoring the total amount of deposits that you hold with any one Issuer, directly or through an intermediary, in order for you to determine the amount of deposit insurance coverage available to you on your deposits, including the CDs. Morgan Stanley is not responsible for any insured or uninsured portion of the CDs or any other deposits.

BY YOUR PURCHASE OF A CD YOU ARE DEEMED TO REPRESENT TO THE ISSUER AND MORGAN STANLEY THAT YOUR DEPOSITS WITH THE ISSUER (OR IF YOU ARE ACTING AS A CUSTODIAN, THE

DEPOSITS OF THE BENEFICIARIES), INCLUDING THE CD, WHEN AGGREGATED IN ACCORDANCE WITH FDIC REGULATIONS, ARE WITHIN THE \$250,000 FEDERAL DEPOSIT INSURANCE LIMIT.

If your CDs or other deposits at the Issuer are assumed by another depository institution pursuant to a merger, consolidation or acquisition of the CDs or other deposits, such CDs or deposits will continue to be separately insured from the deposits that you have established with the acquiror until (i) the maturity date of the CDs or other time deposits that were assumed, or (ii) with respect to deposits that are not time deposits, the expiration of a six-month period from the date of the acquisition. Thereafter, any assumed deposits will be aggregated with your existing deposits with the acquiror held in the same insurable capacity for purposes of federal deposit insurance. Any deposit account opened at, or CD issued by, the acquiror after the acquisition will be aggregated with deposits established with the acquiror for purposes of federal deposit insurance.

If you purchase a CD in the secondary market at a premium over the par amount, that premium is not insured. Similarly, you are not insured for any premium reflected in the estimated market value of your CD on your account statement. If deposit insurance payments become necessary for the Issuer, you can lose the premium paid for your CD and will not receive any premium shown on your account statement. See the section headed “Secondary Market.”

The application of the \$250,000 federal deposit insurance limit is illustrated by several common factual situations discussed below. Please review the section headed “Deposit Insurance: Retirement Plans and Accounts” for the application of the \$250,000 federal deposit insurance limit to retirement plans and accounts. **The following factual situations are provided for your information and are not legal advice. Please see the section titled “Questions About FDIC Deposit Insurance Coverage” for more information.**

Individual Customer Accounts. Deposits of any one Issuer held by an individual are added together with other deposits owned by the individual and insured up to \$250,000 in the aggregate. An individual may hold deposits through an agent or nominee (such as the CDs held in a Morgan Stanley account) or through a custodian (for example, under the Uniform Gifts to Minors Act or the Uniform Transfers to Minors Act). In such cases, the individual’s deposits will be added together with other deposits owned by the individual and insured up to \$250,000 in the aggregate. Deposits held through a **qualified tuition savings program (529 Plan)** will be insured as deposits of the participant and aggregated with other deposits of the participant if the arrangement and the name of the participant are identified on Morgan Stanley’s account records.

Corporate, Partnership and Unincorporated Association Accounts. Deposits of any one Issuer held by corporations (including Subchapter S corporations), partnerships and unincorporated associations, operated for a purpose other than to increase deposit insurance, are added together with other deposits owned by such corporation, partnership and unincorporated association, respectively, and are insured up to \$250,000 in the aggregate.

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

Trust Accounts. Effective April 1, 2024, deposits of any one Issuer held pursuant to any of the following trust arrangements established by the same grantor are insured for up to \$250,000 per eligible beneficiary, multiplied by the number of beneficiaries, up to a maximum of five eligible beneficiaries:

- *Informal revocable trusts*, which include accounts in which the grantor evidences an intent that, at his or her death, the funds shall belong to one or more specified beneficiaries. These trusts may be referred to as a “Totten trust” account, “payable upon death” account or “transfer on death” account. Each beneficiary must be included in Morgan Stanley’s account records.

Formal revocable trusts, which are written trust arrangements in which the grantor retains ownership and control of the assets and designation of beneficiaries during his or her lifetime and the assets pass to the beneficiaries upon the death of the grantor. The trusts may be referred to as “living” or “family” trusts.

- *Irrevocable trust accounts*, which are trust arrangements established by statute or written trust agreement. *Coverdell Education Savings Accounts* are irrevocable trust accounts.

A beneficiary’s interest in any trust account will be aggregated with the beneficiary’s interest in all other trust accounts created by the same grantor at the same Issuer and insured up to \$250,000.

Health Savings Accounts. Deposits of any one Issuer held in a Health Savings Account will be eligible for deposit

insurance as either an individual account, a trust account or an employee benefit plan account. You may wish to consult with your attorney or the FDIC to determine the available deposit insurance coverage.

Deposit Insurance: Retirement Plans and Accounts

Retirement Plans and Accounts – Generally. The amount of deposit insurance available on CDs of any one Issuer held through one or more retirement plans or accounts will vary depending on the type of plan or account. It is therefore important to understand the type of plan or account holding the CDs. The following sections generally discuss the rules that apply to deposits held by retirement plans and accounts.

Individual Retirement Accounts (“IRAs”). Deposits of any one Issuer held in an IRA will be insured up to \$250,000 in the aggregate. However, as described below, the deposits of any one Issuer held by an IRA will be aggregated with the deposits of the same Issuer held by certain employee benefit plans in which the owner of the IRA has an interest. Thus, the owner of an IRA will only be eligible for insurance of \$250,000 for deposits at any one Issuer held in plans and accounts that are subject to aggregation. See the section below headed “Aggregation of Retirement Plan and Account Deposits.”

Pass-Through Deposit Insurance for Employee Benefit Plan Deposits. Subject to the limitations discussed below, a plan participant's non-contingent interests in the deposits of any one Issuer held by many types of employee benefit plans are eligible for insurance up to \$250,000 on a “pass-through” basis. This means that instead of the deposits of one Issuer held by an employee benefit plan being eligible for only \$250,000 of insurance in total, each employee benefit plan participant is eligible for insurance up to \$250,000, subject to the aggregation of the participant's interests in different plans, as discussed below under “Aggregation of Retirement Plan and Account Deposits.” The pass-through insurance provided to an employee benefit plan participant is separate from the \$250,000 federal deposit insurance limit allowed on deposits held by the individual in different insurable capacities at the same Issuer (e.g., individual accounts, joint accounts, etc.).

The types of plans for which deposits may receive pass-through treatment are employee benefit plans, as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974 (“ERISA”) (including Keogh plans, whether or not they are technically “employee benefit plans” under ERISA) and eligible deferred compensation plans described in Section 457 of the Internal Revenue Code of 1986 (the “Code”). For purposes of Section 3(3) of ERISA, employee benefit plans are broadly defined to include most employee benefit plans, including most defined benefit plans and most defined contribution plans.

Defined Benefit Plans. The value of an employee’s non-contingent interest in a defined benefit plan will be equal to the present value of the employee’s interest in the plan, evaluated in accordance with the calculation ordinarily used under such plan. Deposits of any one Issuer held by a defined benefit plan that is eligible for pass-through treatment are not insured for an amount equal to the number of plan participants multiplied by \$250,000. For example, a plan has on deposit \$500,000 of CDs of a single Issuer. The employee benefit plan has two participants, one with a non-contingent interest of \$425,000 and one with a non-contingent interest of \$75,000. In this case, the plan would be eligible for up to \$250,000 for the participant with the \$425,000 non-contingent interest and up to \$75,000 for the participant with the \$75,000 non-contingent interest.

Overfunded amounts, which are any portion of a plan’s deposits not attributable to the interests of beneficiaries under the plan, are insured, in the aggregate, up to \$250,000 separately from the insurance provided for any other funds owned by or attributable to the employer or a plan participant.

Defined Contribution Plans. The value of an employee’s non-contingent interest in deposits of any one Issuer held through a defined contribution plan will be equal to the amount of funds on deposit attributable to the employee’s account with the plan, regardless of whether the funds on deposit resulted from contributions made by the employee, the employer, or both.

Portions of deposits of any one Issuer held by an employee benefit plan that are attributable to the contingent interests of employees in the plan are not insured on a pass-through basis. Contingent interests of employees in an employee benefit plan are interests that are not capable of evaluation in accordance with FDIC rules and are insured up to \$250,000 per plan.

Aggregation of Retirement Plan and Account Deposits

Under FDIC regulations, an individual’s interests in plans maintained by the same employer or employee organization (for example, a union) that are holding deposits of the same Issuer will be insured for \$250,000 in the aggregate. In addition, under FDIC regulations, an individual’s interest in the deposits of one Issuer held by (i) IRAs, (ii) deferred compensation plans for certain employees of state or local governments or tax-exempt organizations (i.e., Section 457 Plans), (iii) self-directed “Keogh Plans” of owner-employees described in Section 401(d) of the Code, and (iv) self-directed defined contribution plans, will be insured for up to \$250,000 in the aggregate whether or not maintained by the same employer or employee organization.

Questions About FDIC Deposit Insurance Coverage

If you have questions about basic FDIC insurance coverage, please contact Morgan Stanley. You may wish to seek advice from your own attorney concerning FDIC insurance coverage of deposits held in more than one insurable capacity. You may also obtain information by contacting the FDIC, Deposit Insurance Outreach, Division of Depositor and Consumer Protection, by letter (550 17th Street, N.W., Washington, D.C. 20429), by phone (877-275-3342 or 800-925-4618 (TDD)), by visiting the FDIC website at www.fdic.gov/deposit/index.html, or by e-mail using the FDIC's On-line Customer Assistance Form available on its website.

Payments Upon Issuer Insolvency

As with all deposits, if it becomes necessary for federal deposit insurance payments to be made on the CDs, there is no specific time period during which the FDIC must make insurance payments available.

The records maintained by Morgan Stanley regarding ownership of CDs will be used to establish your eligibility for federal deposit insurance payments and will be submitted to the FDIC in connection with your claim for deposit insurance. In addition, you may be required to provide certain documentation to the FDIC and to Morgan Stanley before insurance payments are released to you. For example, if you hold CDs as trustee for the benefit of trust participants, you may also be required to furnish an affidavit to that effect; you may be required to furnish other affidavits and provide indemnities regarding an insurance payment. You should be prepared for the possibility of a delay in obtaining insurance payments.

If deposit insurance payments become necessary for your CDs, the FDIC is required to pay the original par amount plus accrued interest to the date of the closing of the relevant Issuer, as prescribed by law, and subject to the \$250,000 federal deposit insurance limit. No interest or accreted value is earned on deposits from the time an Issuer is closed until insurance payments are received.

As an alternative to a direct deposit insurance payment from the FDIC, the FDIC may transfer the insured deposits of an insolvent institution to a healthy institution. Subject to insurance verification requirements and the limits on deposit insurance coverage, the healthy institution may assume the CDs under the original terms or offer you a choice between paying the CD off and maintaining the deposit at a different rate. There may be a delay in receiving notification from the healthy institution, and the healthy institution may lower the rate on the CDs prior to providing notice. Morgan Stanley will advise you of your options in the event of a deposit transfer as information becomes available.

Morgan Stanley will not be obligated to you for amounts not covered by deposit insurance, nor will Morgan Stanley be obligated to make any payments to you in satisfaction of a loss you might incur as a result of (i) a delay in insurance payouts applicable to your CD, (ii) your receipt of a decreased interest rate on an investment replacing your CD as a result of the payment of the principal and accrued interest of a CD prior to its scheduled maturity or (iii) payment in cash of the principal and accrued interest of your CDs prior to maturity in connection with the liquidation of an Issuer or the assumption of all or a portion of its deposit liabilities. The amount of a payment on a CD that had been purchased at a premium in the secondary market is based on the original par amount, not on any premium amount, and you may lose up to the full amount of the premium as a result of such a payment. Further, Morgan Stanley will not be obligated to credit your account with funds in advance of payments received from the FDIC.

Additions or Withdrawals

No additions are permitted to be made to any CD. When you purchase a CD, you agree with the Issuer to keep your funds on deposit for the term of the CD. Except as set forth below, no early withdrawals of interest-bearing CDs will be available. The early withdrawal provisions, if any, applicable to your CD may be more or less advantageous than the provisions applicable to other deposits available from the Issuer.

In the event of death or the adjudication of incompetence of the owner of a CD, early withdrawal of the entire CD will generally be permitted without penalty. Withdrawal of a portion of the owner's interest will not be permitted. Written verification acceptable to the Issuer will generally be required to permit early withdrawal under these circumstances.

By law, the beneficiary of an IRA (but not a Roth IRA) must generally begin making withdrawals from the IRA after age 73. CDs held in an IRA are not eligible for early withdrawal simply because the beneficiary must begin making mandatory withdrawals from the IRA. IRA beneficiaries should purchase CDs with maturities that correspond to the mandatory withdrawal requirements or look to the secondary market for liquidity. See the section headed "Secondary Market."

If a customer wishes to make an early withdrawal, and such withdrawal is permitted, Morgan Stanley endeavors to obtain funds for the customer as soon as possible. However, Morgan Stanley will not advance funds in connection with early withdrawals and can give no assurances that payment pursuant to early withdrawals will be made by a specified date.

Secondary Market

Morgan Stanley, though not obligated to do so, may maintain a secondary market in the CDs after their Settlement Date. If you wish to sell your CD prior to maturity and Morgan Stanley does not maintain a secondary market, Morgan Stanley may

attempt to sell your CD in a secondary market maintained by another broker-dealer. Morgan Stanley cannot provide assurance that you will be able to sell your CDs prior to their maturity. In addition, a secondary market for the CDs may be discontinued at any time without notice. Therefore, you should not rely on any such ability to sell your CDs for any benefits, including achieving trading profits, limiting trading or other losses, realizing income prior to maturity, or having access to proceeds prior to maturity.

Your CD may not be resold in denominations of less than \$100,000. You should be aware that large denomination CDs may be less liquid than smaller denomination CDs.

If a buyer is available at a time you attempt to sell your CD prior to its maturity, the price at which your CD is sold may result in a return to you that may differ from the yield that the CD would have earned had it been held to maturity since the selling price for a CD in such circumstances will likely be based on a number of factors such as the denomination of the CD, interest rate movements, time remaining until maturity, and other market conditions. Also, the price at which a CD may be sold in the secondary market will reflect a “dealer spread”, which is the compensation to Morgan Stanley for arranging the sale or purchase of your CD. Therefore, if you sell your CD in the secondary market, the price you receive will be less than the price at which Morgan Stanley can, or believes it can, re-sell your CD to a buyer. Similarly, the price you may pay for any CD purchased in the secondary market will generally be more than the price Morgan Stanley paid a seller for the CD. **If you sell a CD in the secondary market, you may receive less in sale proceeds than the original principal (par) amount of the CD.**

If a CD is purchased in the secondary market at a premium over the par amount, the premium is not insured. Therefore, if deposit insurance payments become necessary for the Issuer, the owner of a CD purchased in the secondary market can incur a loss of up to the amount of the premium paid for the CD. (Also see the section headed “Deposit Insurance.”)

The uninsured premium being paid for an interest-bearing CD can be determined from the price set forth in your trade confirmation. A CD price is expressed in relation to par (100.00). Any amount over 100.00 represents the premium. For example, if your trade confirmation states that the price for a CD purchased in the secondary market is 100.25, there is a premium that will not be insured by the FDIC. A price of 99.75 would not include a premium. The trade confirmation will also inform you if the CD has accrued interest, which will be insured as long as the par amount of CDs held by you in one insurable capacity at the Issuer plus the accrued interest does not exceed the \$250,000 federal deposit insurance limit.

If you purchase a callable CD in the secondary market at a premium, you will receive only the par amount if the CD is called.

Fees

Morgan Stanley and its affiliate arranging for the CDs to be offered will receive a placement fee from the of up to 25 basis points (0.25%) per annum of the principal amount of CDs purchased by you in the primary market. Except for the dealer spread discussed above in connection with secondary market transactions and a handling fee, if any, disclosed on your trade confirmation, you will not be charged any commissions in connection with your purchase of a CD.

Federal Income Tax Consequences

The federal income tax consequences of owning CDs will vary depending upon the terms of your CD and the type of account in which you hold your CD. In addition, there may be tax consequences upon the sale, early withdrawal or other disposition of your CD. These tax consequences may differ for non-U.S. persons. You should consult your own tax advisor to determine the federal, state, local and other income and estate tax consequences of your CD purchase.