

MORGAN STANLEY FRANCE BEST SELECTION POLICY

In accordance with our legal and regulatory requirements, this document sets out Morgan Stanley France's intermediary selection policy in respect of its institutional securities businesses.

Scope

This document applies whenever Morgan Stanley France provides the investment service of reception and transmission of orders to its clients.

This document applies to clients that we have classified as professional clients in accordance with the Directive 2014/65/EU on markets in financial instruments, dated 15 May 2014 (***MIFID II***).

Unless otherwise agreed, we will not owe best selection to clients classified as Eligible Counterparties (***ECPs***), as outlined in Article 30(1) of MiFID II, although the duty to identify and manage any conflicts of interests will nevertheless apply. When you are classified as an ECP, should read this document accordingly.

This document only applies in relation to ***Financial Instruments*** as defined in MiFID II (as amended or replaced from time to time). Financial Instruments include but are not limited to: transferable securities (such as shares and bonds), money market instruments, units in collective investment undertakings, exchange-traded and over the counter (***OTC***) derivatives whether cash or physically settled, including futures and options and swaps; Financial Instruments do not include spot FX and spot physical commodities.

Overview

What is Best Selection?

When providing the investment service of reception and transmission of orders, we are required to act in the best interests of our clients when transmitting client orders to other entities (broker-dealers) for execution.

When selecting the entity that will execute client orders, we must take all sufficient steps to obtain the best possible result for our clients taking into account the following factors (together the ***best execution factors***):

- price;
- likelihood of execution and settlement;
- costs;
- speed;
- order size;
- nature of the order; and
- any other consideration relevant to the efficient execution of the order such as the nature of the relevant market, prevailing market conditions and attempting to minimise market impact.

Ranking of the best execution factors

We are required to determine the relative importance of each of the best execution factors set out above taking into account the following general criteria:

- your characteristics (including whether you have been classified as retail or professional);
- the characteristics and nature of your order, including any specific instructions received;
- the characteristics of the Financial Instruments that are the subject of your order; whether the order involves a securities financing transaction;
- the characteristics of the execution venues to which your order can be directed.

Impact of a specific instruction

If we receive an order from you that includes a specific instruction or specific instructions in relation to the handling and execution of the entire order or a particular aspect or aspects of the order (including selecting a particular execution venue, executing at a particular price or time or through the use of a particular strategy) then, subject to our legal and regulatory obligations, we will transfer your order to be executed in accordance with your specific instruction.

This may prevent us from taking steps designed and implemented to obtain the best possible result for those orders. It also means that to the extent of the specific instruction or instructions, our obligation of best selection will be satisfied by following the order in accordance with your specific instruction. Where your specific instruction covers only a portion of an order (for example, as to the choice of venue), and we have discretion over the other elements of the order, then we will continue to owe an obligation of best selection in respect of the elements of the order that are not covered by the specific instruction.

Selected Intermediaries

Morgan Stanley France has selected its parent company, Morgan Stanley & Co. International Plc (**MSI Plc**), as well as Morgan Stanley Europe SE (MSESE), as sole intermediaries for the execution of client orders for every class of Financial Instruments.

MSI Plc is authorised as an investment firm by the Financial Conduct Authority and is therefore obligated to comply with best execution standards.

MSESE is authorised as an investment firm by the German Federal Financial Supervisory Authority (BaFin) and is therefore obligated to comply with best execution standards.

Our selection is based on the following factors:

- Morgan Stanley France only provides the investment service of reception and transmission of orders to clients who have an existing relationship with MSI Plc and/or MSESE and who have received a copy of MSI Plc's and/or MSESE order execution policy;
- the high best execution standards maintained by MSI Plc and/or MSESE, which are consistent with our own policies. In respect of professional clients, the execution factors used by MSI Plc and/or MSESE are ranked by each business unit and product traded, depending on the type of Financial Instruments in relation to which the orders are made (equities, derivatives, etc.);

- the financial solidity and excellent market connectivity of MSI Plc and/or MSESE, which provides access to many regulated markets, multilateral trading facilities and organised trading facilities and may execute some client orders as a systematic internaliser;
- the synergies between our electronic systems and those used by MSI Plc and/or MSESE, which ensure the rationalisation of flows and offer secured procedures and operational efficiency; and
- the stable and competitive costs applied by MSI Plc and/or MSESE for executing client orders.

In light of the above, we believe the execution of client orders by MSI Plc and/or MSESE will enable us to obtain the best possible result for our clients on a consistent basis.

MSI Plc and/or MSESE will always execute the clients' orders in accordance with its order execution policy (even if the clients' orders are transmitted to MSI Plc and/or MSESE by Morgan Stanley France).

Upon reasonable request, we can provide you with further information regarding MSI Plc and/or MSESE, including a copy of its order execution policy.

Orders executed outside a trading venue

MSI Plc and/or MSESE (or any other entity selected by Morgan Stanley France) may execute your orders outside a regulated market, a multilateral trading facility or an organised trading facility, whenever this is justified to provide you with the best quality of execution services. In this case, your order will not be recorded in an order book.

Moreover, you may be exposed to a greater risk of a default of the counterparty with whom the transaction is entered into. Upon your reasonable request, we can provide you with further information on the consequences of your orders being executed outside a regulated market, a multilateral trading facility or an organised trading facility.

Policy review

In accordance with applicable regulations, we review our best selection policy at least on an annual basis and in any case, after the occurrence of a material change that affects Morgan Stanley France's ability to continue to obtain the best possible result for you. A material change is a significant event that could impact the best execution factors.

When reviewing this policy, Morgan Stanley France will assess the quality of execution provided to you. This will include, in particular, ensuring that MSI Plc and/or MSESE complies with its order execution policy. Pursuant to this review and if necessary, Morgan Stanley France will work closely with MSI Plc and/or MSESE to improve the services provided to you and make any changes when necessary.

If Morgan Stanley France determines that MSI Plc and/or MSESE is unable to perform its best execution duties in accordance with applicable regulations, Morgan Stanley France will transmit your orders to other third parties.

Paris, May 2019