Morgan Stanley

GlobalCurrency℠ Disclosure Statement

Foreign currency deposits may not be an appropriate investment for every investor. You should invest in such a deposit only if you understand the risks of foreign currency transactions. Foreign currencies may incur significant price movements within the same day and a foreign currency may lose value against other currencies. You should read with care the section below headed "Important Foreign Currency Investment Considerations."

Introduction

In the following disclosure, the words "we," "us," "our," "Morgan Stanley" and "Morgan Stanley Wealth Management" refer to Morgan Stanley Smith Barney LLC. The words "you," "your," "yours" and "client" refer to the Account owner(s) and/or authorized person(s).

Morgan Stanley Smith Barney LLC ("Morgan Stanley") is making available to its customers the Savings Deposits Accounts (the "Deposit Accounts"), a money market Deposit Account ("MMDA") linked to a Demand Deposit Account, denominated in non-U.S. currencies (each a "Foreign Currency") at Morgan Stanley Private Bank, National Association, (the "Bank"), an affiliate of Morgan Stanley whose Deposit Accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to applicable limits.

Each Deposit Account constitutes a direct obligation of the Bank and is neither directly nor indirectly an obligation of Morgan Stanley. The Deposit Accounts are not certificated and are nonnegotiable, and may not be transferred from us to another broker or financial intermediary.

The Deposit Accounts are eligible for deposit insurance provided by the FDIC at their U.S. Dollar ("USD") value up to the Maximum Applicable Insurance Limit (principal and accrued interest) per deposit or in each insurable capacity (e.g., individual or joint). For purposes of the Maximum Applicable Insurance Limit, you must aggregate all Deposit Accounts that you maintain with the Bank in the same insurable capacity, including deposits at the Bank held through current active products of Bank Deposit Program (FA Channel and Self-Directed), Preferred Savings, Savings Program, Premium Savings Account, MaxRate Checking, E*TRADE Checking, Employee Checking, Cash Balance Program (CBP), Certificates of Deposit (Brokered and Bank), as well as legacy products of Complete Savings Account, Independent Checking, other Checking, Employee Money Market, ET and Legacy Money Market, and IRA Certificates of Deposit.

You are responsible for monitoring the total amount of deposits that you have with the Bank in order to determine the extent of FDIC deposit insurance coverage available to you. We are not responsible for any insured or uninsured portion of a deposit at the Bank. You should carefully review the section of this document titled "FDIC Insurance," which describes the extent of, and limitations on, FDIC insurance.

You may deposit funds in excess of the Maximum Applicable Insurance Limit. However, in doing so, you acknowledge that your funds in excess of the Maximum Applicable Insurance Limit are not insured. In making an investment decision, you must rely on your own examination of the Bank and the terms of the offering, including the merits and risks involved. Upon request, you will be provided with publicly available information about the Bank. We are not responsible for, and have not verified, the accuracy of that information.

The Securities Investor Protection Corporation ("SIPC") takes the position that Savings Deposits, including those denominated in foreign currencies, are not covered by SIPC insurance.

Your Relationship With Morgan Stanley and the Bank

You will not receive a passbook, certificate or other evidence of ownership of the Deposit Accounts from the Bank. The Deposit Accounts are recorded at the Bank in the name of Morgan Stanley as your agent and are reflected in records maintained by Morgan Stanley. We will provide you with a written confirmation of your purchase of a Deposit Account and your Deposit Account will be reflected on your brokerage account statement. You should retain the trade confirmation and the brokerage account statement(s) for your records. You may contact your Financial Advisor at any time for information about your Deposit Account balances at the Bank.

Your brokerage account statement will provide the outstanding principal amount of each Deposit Account in the Foreign Currency, where applicable, in USD as of the date stated on your brokerage account statement. The brokerage account statement will also show interest earned in the Foreign Currency, where applicable, and USD for the period beginning on the last business day[1] of the prior month up to, but not including, the last business day of the statement period. The conversion rate from a Foreign Currency to USD for the purposes of your brokerage account statement is determined by Morgan Stanley, but will generally be as of the statement end date. The conversion rate is stated for your convenience and may not reflect the rate at which we are willing to buy or sell Foreign Currencies. This rate may not reflect the conversion rate actually used for any transaction, including transactions on the statement end date.

Each Deposit Account constitutes an obligation of the Bank 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 Bank. You can obtain publicly available financial information concerning the Bank at www.ffiec.gov/nic or by contacting the FDIC Public Information Center by mail at 3501 North Fairfax Drive, Arlington, VA 22226, or by phone at 1-877-275-3342. We do not guarantee in any way the financial condition of the Bank or the accuracy of any publicly available financial information concerning the Bank.

We may, in our sole discretion, terminate your participation in GlobalCurrency at any time upon written notice to you. Similarly, you may close your brokerage account or choose to remove Morgan Stanley as your agent with respect to your Deposit Account. Under these circumstances, you may not transfer your Deposit Account to another financial intermediary. (Please refer to the Nontransferable Deposits section below for more information.) You may, however, request that your ownership of the Deposit Account be evidenced directly on the books of the Bank, subject to the Bank's rules and requirements for establishing and maintaining accounts. If you establish your Deposit Account on the books of the Bank, you will have the ability to enforce your rights in the Deposit Account directly against the Bank and we will have no further responsibility with respect to your Deposit Account. The interest paid on your Deposit Account also may be different than what you would have otherwise earned in GlobalCurrency.

In the alternative, if you wish to discontinue using our brokerage services, but want to continue holding funds in the Bank through GlobalCurrency and earning the GlobalCurrency interest rate, you can contact your Financial Advisor to waive any annual or periodic brokerage account fees. Such fees will be reinstated if and when you choose to use brokerage services again.

PROGRAM AND DEPOSITORY INSTITUTIONS CHANGES

Morgan Stanley, at its discretion, may modify the terms, conditions and procedures of the GlobalCurrency program or the participating depository institution. Morgan Stanley will notify you of any such changes that adversely affect you or any change to the participating depository institution. All such notices may be made by means of a letter, an entry on your Account statement or by other means. In the event the Bank is replaced with a new depository institution, you authorize Morgan Stanley to withdraw funds from your Deposit Accounts at the Bank and deposit the funds in the Deposit Accounts that are established at the new depository institution.

CLIENT INFORMATION

Protecting the confidentiality and security of client information is an important part of how we conduct our business. Morgan Stanley also has policies and procedures to assist in the identification, prevention and management of conflicts of interest between Morgan Stanley and you, or between you and another Morgan Stanley client, that may arise in the course of your interactions with us. In consideration of these conflict management policies and procedures, we may in certain circumstances disclose to you additional specific information regarding the source and nature of a particular conflict as well as the steps taken by us to mitigate such conflict.

You should understand that Morgan Stanley makes use of economic information contained in your GlobalCurrency orders and executed transactions in order to effectuate and risk manage the transactions themselves, as well as for portfolio and inventory risk management purposes. Specifically, and unless you instruct otherwise, Morgan Stanley may use the economic terms of your GlobalCurrency transaction (but not the client identity) to test liquidity and/or execute trades with one or more third parties (including interdealer brokers) in order to source liquidity. We may also use the economic terms of various transactions (including market, liquidity and credit risks) on an individual, portfolio or other basis to evaluate and execute risk-mitigating transactions. In addition, as part of its obligations as a regulated entity, Morgan Stanley may share client information as requested or required by its global regulators.

With regard to executed GlobalCurrency transactions, Morgan Stanley analyzes this information on an individual and aggregate basis for a variety of purposes, including counter-party, portfolio and inventory risk management, sales coverage, and client relationship management. In addition, Morgan Stanley may analyze, comment on and disseminate anonymized and aggregated information regarding executed GlobalCurrency transactions, together with other available information regarding various markets, internally and to its clients as part of its general market commentary and trade ideas.

Savings Deposits

The Savings Deposits consist of an Money Market Deposit Account (MMDA) linked to a (Demand Deposit Account) DDA account. A separate Savings Deposit will be established for each Foreign Currency you select from those that are available. The Savings Deposits do not have a specified maturity date.

INTEREST

Each Savings Deposit will bear interest, if any, at a variable rate that may change as frequently as daily. The MMDA and the DDA will earn the same rate of interest, if any. Based upon market conditions, Savings Deposits denominated in some Foreign Currencies may earn no interest.

Interest will accrue beginning on the date of deposit at the Bank, will compound daily and will be credited to your Savings Deposit monthly. As explained below, the date of deposit at the Bank may be after the date you provide funds to Morgan Stanley. The Bank uses the daily balance method to calculate interest on Savings Deposits. This method applies a daily periodic rate to the principal in your Savings Deposit each day. No interest will accrue on the date of withdrawal.

Interest rates will be tiered based on the amount of funds in your Savings Deposit in each Foreign Currency on that day. The Bank reserves the right to change the interest rates and interest rate tiers, and further, on any day there may be no difference in the interest rates on different tiers. The Bank also reserves the right to change the basis for tiering or eliminate tiering altogether. Your interest rate may change each day depending on the balance in your Savings Deposit, the applicable interest rate and tier. Current interest rates for Savings Deposits are available from your Financial Advisor or at www.morganstanley. com/ globalcurrency.

DEPOSIT AND WITHDRAWAL PROCEDURES

USD will be converted to Foreign Currency as described under the section titled “Delivery and Withdrawal of Foreign Currency.”

In general, Morgan Stanley, as your agent, will deposit your funds into your DDA at the Bank. Funds in excess of a minimum amount determined periodically by the Bank as necessary to satisfy withdrawals from your Savings Deposits will be transferred from your DDA at the Bank to your related MMDA.

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

As required by federal banking regulations, the Bank reserves the right to require seven days’ prior notice before permitting a transfer of funds out of an MMDA. While the Bank has indicated that it has no present intention of exercising its right to require such notice, the Bank may exercise this right at any time in its sole discretion.

CASH MANAGEMENT CAPABILITIES

For all brokerage accounts you may instruct us to deposit a foreign currency check or wire into your Savings Deposit. All incoming Foreign Currency checks may be subject to a processing fee. Please review carefully the section titled “Fees and Compensation.” Third-party bank fees may also apply and will be withdrawn from check proceeds. The processing time for Foreign Currency checks can be 10 days to 8 weeks, depending upon the currency and size of the check.

For all brokerage accounts, you may withdraw funds from your Savings Deposit to wire to another institution by contacting your Financial Advisor. An outgoing wire fee applies. You may not use the check-writing, direct deposit, debit card, online bill pay or other cash management capabilities of your brokerage account to withdraw funds from your Savings Deposits. Thus, withdrawals from your Savings Deposits can be made only by contacting your Financial Advisor to (i) wire Foreign Currency to or from your Savings Deposit, (ii) convert funds to another currency for deposit into a Savings Deposit, or (iii) convert a Foreign Currency to USD to deposit in your brokerage account.

Additionally, Foreign Currency cannot be held directly in your Morgan Stanley brokerage account. This means that (1) foreign-denominated securities must be purchased with a conversion of USD and (2) any dividends, coupon payments or other distributions paid in a Foreign Currency are automatically converted to USD. Please review the “Foreign-Denominated Securities Purchases and Distributions” section below for details.

Delivery and Withdrawal of Foreign Currency

Foreign Currency cannot be deposited directly into your brokerage account. Foreign Currency may be deposited to the

Bank via wire,[2] check or currency conversion. The processing time for Foreign Currency checks can be 10 days to 8 weeks, depending upon the currency and size of the check.[4] Foreign Currency may be withdrawn from the Bank via wire or currency conversion, but not check. You may use wire instructions obtained from your Financial Advisor to deposit or withdraw Foreign Currency to or from your Deposit Account. There will generally be up to a two-business-day delay in depositing or withdrawing funds via wire. During that time, your funds will be a noninterest-bearing free credit balance.

All incoming Foreign Currency wires and checks will automatically be deposited into your Deposit Account, and all outgoing wires must be funded from your Deposit Account.

At your request on any business day, Morgan Stanley will convert USD in your brokerage account or Foreign Currency in your Deposit Account to another currency. The converted currency can be used to fund your Deposit Account. Morgan Stanley will charge a markup for converting your currency, as discussed in the section titled "Fees and Compensation" below. You will be informed of the exchange rate on the business day you place your order. There is generally a two-business-day delay for conversion. During that time your funds will remain invested in your brokerage account or Savings Deposit, as applicable, until the date of deposit at the Bank.

For all deposits, your trade confirmation will reflect the actual settlement date (i.e., the date of deposit at the Bank), adjusted for any applicable bank holidays. For all withdrawals, your trade confirmation will reflect the actual settlement date (i.e., the date of withdrawal from the Bank), adjusted for any applicable bank holidays.

Fees and Compensation

For Savings Deposits, we charge a markup of up to 150 basis points for each deposit into and withdrawal from the Savings Deposit if there is currency conversion. There is no markup for deposits into a Savings Deposit made via wire or check. There is also no markup for withdrawals from a Savings Deposit made via wire. The amount of the markup will be determined by your Financial Advisor and will be charged in addition to your purchase or withdrawal, thereby reducing your net earnings on the Deposit. This markup is inclusive of Financial Advisor and Firm splits.

The Bank may pay Morgan Stanley a fee equal to a percentage of the average daily deposit balances in your Deposit Accounts at the Bank. In its discretion, Morgan Stanley may reduce its fee and may vary the amount of the reductions between its clients. The amount of fee received by Morgan Stanley will affect the interest rate paid by the Bank on your Deposit Accounts. Morgan Stanley may also receive a financial benefit in the form of allocations made for financial reporting purposes. The amount of this benefit may vary and may be based on the average daily deposit balances in the Deposit Accounts. Generally, this benefit will increase as more funds are deposited.

If a Foreign Currency is yielding a negative interest rate, Morgan Stanley in its discretion may charge your account(s) a monthly negative interest rate fee for servicing your GlobalCurrency account. This fee would be posted on the fifth business day of the month against actual balances held in the account during the preceding month. This fee may vary each month and will appear as a "GlobalCurrency Maintenance Fee" entry on your monthly statement. The fee will be calculated by applying a daily negative rate to the daily balances in each affected currency. The resulting amount will then be converted to USD, using the spot exchange rate on the fifth business day of the following month. Your position in currency will not be affected.

As discussed below in the "Conflicts of Interest and Other Benefits to Morgan Stanley, the Bank and Their Affiliates" section, Morgan Stanley, its affiliates, the Bank and their affiliates may also receive other financial benefits in connection with the Deposit Accounts.

Investment Considerations Generally

ELIGIBILITY

Deposit Accounts are not available for all account types or for accounts held by certain nonresident aliens, depending on their jurisdiction. Please ask your Financial Advisor for more details regarding eligibility.

MARGIN

Deposit Accounts cannot be purchased on margin and do not count toward your margin equity. If you wish to secure a margin loan, you must purchase an investment that is eligible to secure such a loan.

TAXES

The federal income tax consequences of owning Deposit Accounts will vary depending upon the terms of your Deposit

Account and the type of account in which you hold your Deposit Account. In general, foreign currency gains or losses are treated as ordinary income or loss, not capital gains or losses. These tax consequences may differ for non-U.S. persons. You should consult with your own tax advisor to determine the federal, state, local and other income and estate tax consequences of your Deposit Account purchase.

Morgan Stanley does not provide legal or tax advice. Please consult your own tax advisor.

WITHDRAWAL DELAYS FROM SAVINGS DEPOSITS

Withdrawals from your Savings Deposit will be subject to advance notice and potential delays (e.g., bank holidays). You should not rely on your Savings Deposit for same-day access to funds.

NONTRANSFERABLE DEPOSITS

You cannot transfer the Deposit Accounts to another broker if you close your brokerage account. Instead, you will be given the option of wiring the currency to your new custodian, if your new custodian accepts such wires, or converting the funds to USD to issue a check to your new custodian. If you convert funds, Morgan Stanley will charge a markup, as discussed in the section titled "Fees and Compensation." You will also be able to establish the Deposit Accounts directly with the Bank under certain circumstances.

INSOLVENCY OF THE BANK

In the event that the Bank approaches insolvency or becomes insolvent, the Bank may be placed in a regulatory conservatorship or receivership, with the FDIC typically appointed as the conservator or receiver. The FDIC may, thereafter, pay off the Deposit Accounts, or transfer the Deposit Accounts to another depository institution. If the Deposit Accounts are transferred to another institution, you may be offered a choice of maintaining the Deposit Accounts at a lower interest rate or withdrawing your funds. In either case, payments would be made to you in USD using a conversion rate quoted by the Federal Reserve Bank of New York as of the date of closure. This conversion rate may not be advantageous to you. Further, if there is a delay in payment, the value of USD may decline against the Foreign Currency of a Deposit Account prior to payment. Please refer to the "FDIC Insurance" section below for more information.

OTHER INVESTMENTS

You should compare the rates of return and other features of the Deposit Accounts to other available investments before electing to purchase a Deposit Account. The rates paid with respect to the Deposit Accounts may be higher or lower than the rates on deposits or other investments available directly from the Bank or through Morgan Stanley.

CONFLICTS OF INTEREST AND OTHER BENEFITS TO MORGAN STANLEY, THE BANK AND THEIR AFFILIATES

As noted above, Morgan Stanley and the Bank are affiliated and may receive other financial benefits in connection with the Program. As discussed in the "Fees and Compensation" section above, you will be charged a markup in connection with a Deposit Account transaction. In addition, through the Program, Morgan Stanley and the Bank will receive a stable, cost-effective source of funding, and intend to use the foreign currencies deposits it holds to fund current and new businesses, including lending activities and investments. The profitability of such loans and investments is generally measured by the difference, or "spread," between the interest rate paid on your Savings Deposit at the Bank and other maintaining costs, and the interest rate and other income earned by the Bank on those loans and investments made with the funds in your Savings Deposits. The income that Morgan Stanley and the Bank earns through its lending and investing activities may be greater than the fees earned by Morgan Stanley and the Bank from managing your Savings deposits. You may have deposits that are sent from the Bank to Morgan Stanley if you hold certain currencies in your Savings Deposits depending on the funding value considerations of Morgan Stanley and the capacity of the Bank to allocate foreign currencies deposits to Morgan Stanley.

Important Foreign Currency Investment Considerations

FOREIGN-DENOMINATED SECURITIES PURCHASES AND DISTRIBUTIONS

Foreign Currency cannot be deposited directly in your Morgan Stanley brokerage account. As a result, foreign-denominated securities generally cannot be purchased with Foreign Currency withdrawn from a Savings Deposit without converting to USD first and then converting back to the Foreign Currency. A markup will be charged on both conversions (withdrawing funds from a Savings Deposit as well as purchasing foreign-denominated Securities). Please review carefully the section titled "Fees and Compensation" above for more information.

SPOT FOREIGN EXCHANGE MARKET AND RATES

Spot foreign exchange transactions occur in a worldwide off-exchange dealer market consisting of foreign exchange dealers, banks, brokerage firms and other participants. Bid and offer prices can change second to second based upon supply and demand, and geopolitical and other factors as well as size of transaction. Actual bid and offer prices may also vary considerably from closing prices reported in newspapers and quotation services.

The spot exchange rate is the exchange rate for the immediate delivery of one currency for another currency (a "currency pair"). Morgan Stanley will generally determine the spot exchange rate based on a number of factors, including those set out below. This list is not exhaustive and Wealth Management may take into account other factors that it considers appropriate in determining that spot exchange rate.

1. The type of transaction and market in which it is traded
2. Internal costs to Morgan Stanley, such as counterparty credit risk, hedging and market risk, funding, capital, and overhead
3. Client-specific factors, such as: the volume, types of trades and frequency/velocity of trading the client executes both with Morgan Stanley and in the market; credit quality; and potential market impact
4. Applicable regulatory requirements

MORGAN STANLEY'S PRINCIPAL ACTIVITIES

Morgan Stanley will typically act in a principal capacity when executing trades on behalf of clients and does not generally act as agent, broker or fiduciary with respect to its market-making activities. Morgan Stanley and its affiliates are active participants in the interbank spot and option market for their customers, and therefore at any given time Morgan Stanley or its affiliates may be engaging in currency or currency derivative transactions that could affect the currency exchange rate applicable to your Deposit Account at the time you seek to exchange your Foreign Currency. Accordingly Morgan Stanley may trade ahead of, alongside or following your transactions in order to execute other client transactions. Morgan Stanley may trade on a systematic or automated basis through the use of algorithms or other execution methodologies to hedge or source liquidity for market-making purposes in connection with other client activity to liquidate risk resulting from our client facilitation business, as part of a previously commenced strategy, or to facilitate the purchase and/or settlement of securities issued in debt offerings. We employ reasonably designed means to minimize market impact.

Morgan Stanley may hedge the Deposit Accounts by purchasing and selling a Foreign Currency in spot transactions, purchasing and selling currency futures contracts, entering into currency-forward contracts and cross-currency contracts, and purchasing or writing currency options with respect to one or more Foreign Currencies in which the Deposit Accounts are denominated, singly or in combination. In addition, Morgan Stanley and its affiliates publish research on foreign exchanges that may express a view that is inconsistent with a particular Deposit Account investment.

ORDER EXECUTION; MORGAN STANLEY'S DEALER PROFIT

You should assume that Morgan Stanley will act as principal for any Foreign Currency Deposit exchange transactions that you initiate. When we act with discretion in executing an order (for example, at "best," or through an order worked over a period of time and subject to parameters we agree to with you), we are not, unless specifically agreed to with you, acting as your agent and such order is on a "not held" basis. Morgan Stanley may enter into transactions in the relevant or related instruments through internal sources of liquidity or in the market at different times and prices in order to execute your Global Currency transaction and offset the risk incurred, and ultimately provide you with an overall fill that takes into account these transactions. Unless we agree otherwise, the price of any transaction we execute with you may include what we believe to be a reasonable spread (i.e., the bid/ ask spread),[6] as further described in the Fees and Compensation section. Morgan Stanley may benefit from reduced transaction costs or other benefits when sourcing liquidity through certain internal or external trading venues in which the Firm may have an investment or relationship.

Global Currency transactions being submitted by your FA either electronically or by voice or other communication channels does not guarantee the order will be filled in whole or in part. Orders submitted electronically are time stamped upon receipt. Voice orders that are not subject to immediate execution are time stamped when input into the order management system. MS may use algorithmic order types such as volume-weighted-average-price and time-weighted-average-price orders in order to provide what we deem to be the fairest bids, offers and executions reasonably available under the circumstances. Your Global Currency transactions may also be subject to priorities and/or aggregation we determine at our discretion that may result in either Morgan Stanley's own trades or other client trades being executed ahead of, or alongside, any trades we execute with you, which may impact the price of your transactions, the timing of execution and/or the amount of your fill.

MARKET AND EXCHANGE DISRUPTION

Currency markets and exchanges may be disrupted from time to time, making currency or exchange rates unavailable to Morgan Stanley. Such disruptions may be due to circumstances including, but not limited to, the imposition of exchange controls or other circumstances beyond the control of Morgan Stanley or a Foreign Currency no longer being used for settlement of transactions by financial institutions in the international banking community. In cases of market or exchange disruption, including days on which banking or foreign exchange markets are closed due to unforeseen events, or local bank holidays, settlement of Deposit Accounts and currency exchange transactions may be delayed. In such cases, Morgan Stanley will settle its obligations in respect of the Deposit Accounts in good faith and in a commercially reasonable manner, and your funds will remain on deposit at the Bank until such time as a currency exchange can be executed.

FOREIGN EXCHANGE RISK CONSIDERATIONS

Before engaging in a foreign exchange transaction, you should consider your investment objectives and level of investment experience and risk tolerance, and understand the risks associated with foreign exchange trading. Engaging in foreign exchange transactions entails more varied risks than those normally associated with transactions in the domestic securities markets. Attention should be paid to market, credit, sovereign and liquidity risks. For more information on the risks associated with foreign exchange transactions, please contact your Financial Advisor.

MARKET RISK

Market risk is price risk. In the foreign exchange market, this translates to exchange rate risk, as this is the price of one currency in relation to another currency. Currency exchange rates may experience dramatic and unpredictable fluctuations, which could cause your Deposit Account to devalue in relation to USD or other currencies from the time of its establishment to maturity or withdrawal. You should not invest funds in a Deposit Account unless you have carefully considered the potential effect of fluctuating currency values on your investment in the Deposit Account.

EXCHANGE RATE RISK

All money invested in foreign currency-denominated instruments incurs exchange rate risk; changes in exchange rates could magnify or eliminate any gains as well as create losses. **Foreign currencies may have significant price movements, even within the same day, and any Deposit Account may lose value against other currencies; in particular, your Deposit Account may lose value as measured in USD. Foreign currency exchanges, by definition, depend on the relative values of two different currencies, and are therefore subject to risks of fluctuations caused by a variety of economic and political factors in each of the two relevant countries as well as in other countries.** Among other things, these risks include national debt levels; trade deficits and balance of payments; domestic and foreign interest rates and inflation rates; global, regional or national political and economic events; monetary

Exchange Rate Example

A U.S. company orders supplies from a Japanese manufacturer that will be ready in six months and cost ¥110 million. At the time of order, the Yen is trading at ¥110 to $1.

The US company budgets USD $1 million to be converted into Japanese Yen, so payment can be made when the supplies are received: ¥110,000,000 ÷ 110 ¥ per $ = $1,000,000. However, there is no guarantee that the exchange rate will remain at this rate when the supplies are delivered and payment is due.

Suppose the **rate drops** to 100 Yen per USD:

- The cost in USD would increase by $100,000: ¥110,000,000 ÷ 100 ¥ per $ = $1,100,000

Conversely, if the **rate goes up** to 120 Yen per USD:

- The cost in USD would decrease by over $83,333: ¥110,000,000 ÷ 120 ¥ per $ = $916,666.66

policies of governments; and possible government intervention in the currency markets or in other markets. Relevant information relating to these conditions may not be as well-known or as rapidly or thoroughly reported in the United States as United States developments are reported in the United States. Exchange rate fluctuations can be extremely volatile, can effectively raise or lower prices, and can cause financial planning difficulties for companies and individuals.

CREDIT RISK

Credit risk arises from uncertainty over a counterparty's ability to meet its obligations. Your primary credit risk for Deposit Accounts is with respect to the Bank. Please refer to the section above titled "Your Relationship With Morgan Stanley and the Bank" for more information. There is also credit risk at the point in time in which you convert a foreign currency. For foreign exchange transactions, between the time of the trade and the settlement, there is an implicit extension of credit because no payments are required to be made by either party at the time of the transaction, and hence an acceptance of credit risk, by both parties. Deposit Accounts that require a foreign exchange transaction will usually be effected with Morgan Stanley or one of its affiliates acting as principal. Accordingly, your direct credit risk from the foreign exchange transaction is with respect to Morgan Stanley. This protects you against credit risk arising from transactions with other market participants that may be less well-capitalized. However, you will be fully exposed to a Morgan Stanley default.

SOVEREIGN RISK — A FORM OF CREDIT RISK

Sovereign risk includes the political and legal risks associated with foreign exchange transactions. Although in the current foreign exchange market there are fewer restrictions imposed on international payments than in the past, the possibility that a country may prohibit a transfer cannot be ignored. In addition, defaults by governments on their debt or other obligations will necessarily have a significant adverse effect on the value of their currencies.

LIQUIDITY RISK

All investment activities are subject to liquidity risk, which arises when an asset cannot be bought or sold quickly enough to prevent or minimize a loss, due to a lack of marketability. Given the size and nature of the foreign exchange market, liquidity risk is less of a danger than in many financial markets. However, liquidity constraints may arise from time to time in the currency markets, even in the context of major currencies. Morgan Stanley utilizes internally developed tools to access liquidity in order to provide favorable executions under existing market conditions. These tools include algorithms, internal engines and smart routers. When we source liquidity internally as the operator of a matching mechanism, we only do so when the price of a trade will achieve executions at prices which we believe are comparable to those visible to us on external FX market centers.

In the event of liquidity constraints, it may be difficult or impossible, or prohibitively expensive, to establish or liquidate transactions, which could result in increased losses.

EXECUTION RISK

Your ability to execute desired currency transactions may be limited not only by liquidity in the relevant market but also by operational or systems constraints and the rapid pace at which fluctuations in the currency markets may occur. Systems or telecommunications delays or failures could delay or prevent execution of desired transactions, and adverse market movements could occur before orders can be executed. In addition, even in the absence of systems or telecommunications problems, an order placed with Morgan Stanley may be executed at a less favorable price due to fluctuations in the relevant exchange rate, which can occur virtually instantaneously.

FDIC Insurance

The following description of FDIC coverage is only a summary of certain FDIC regulations and is subject to, in its entirety, the rules, regulations and interpretations of the FDIC and changes thereto from time to time.

IN GENERAL

Your Deposit Accounts are insured by the FDIC, an independent agency of the U.S. Government, in USD to the Maximum Applicable Insurance Limit (including principal and accrued interest) for all deposits held in the same insurable capacity at the Bank. Generally, any accounts or deposits that you may maintain directly with the Bank, or through any other intermediary in the same insurable capacity in which the Deposit Accounts are maintained, regardless of currency, would be aggregated with the Deposit Accounts for purposes of the Maximum Applicable Insurance Limit. In the event the Bank fails, the Deposit Accounts are insured in USD, up to the Maximum Applicable Insurance Limit, for principal and interest accrued to the date of closure. In the event of insolvency, the FDIC will value your Deposit Accounts in USD using a conversion rate quoted by the Federal Reserve Bank of New York as of the date of closure, which may be different from the conversion rates applied by Morgan Stanley.

The FDIC does NOT insure against the risk that your Deposit Account will lose value as measured in USD. You may receive less money than you placed in a Deposit Account.

Under certain circumstances, if you become the owner of deposits at a depository institution because another depositor dies, beginning six months after the death of the depositor the FDIC will aggregate those deposits for purposes of the Maximum Applicable Insurance Limit with any other deposits that you own in the same insurable capacity at the depository institution. Additional information about the various FDIC insurable capacities can be found on FDIC's website: https://www.fdic.gov/resources/deposit-insurance/financial-products-insured/index.html. The FDIC provides a 6-month "grace period" to permit you to restructure your deposits to obtain the maximum amount of deposit insurance for which you are eligible.

The deposit insurance limit for all insurable capacities is $250,000. Any deposits (including CDs) that you maintain in the same insurable capacity directly with a Bank, or through an intermediary (such as Morgan Stanley or another broker), will be aggregated with your Deposit Accounts at the Bank for purposes of the Maximum Applicable Insurance Limit. You are responsible for monitoring the total amount of deposits that you hold with the Bank, directly or through an intermediary, including deposits held at the Bank through the Bank Deposit Program, in order for you to determine the extent of deposit insurance coverage available to you on your Deposit Accounts. Morgan Stanley is not responsible for any insured or uninsured amount of the Deposit Accounts or any other deposits.

If your Deposit Accounts at the Bank are assumed by another depository institution pursuant to a merger or consolidation, the Deposit Accounts will continue to be separately insured from the deposits that you might have established with the acquiring institution until the expiration of a 6-month period from the date of the acquisition. Thereafter, any assumed Deposit Accounts will be aggregated with your existing deposits with the acquiring institution held in the same insurable capacity for purposes of federal deposit insurance.

UNINSURED AMOUNTS

If the principal amount of your Deposit Account, plus accrued interest, in USD is in excess of the Maximum Applicable Insurance Limit, the amount in excess will not be insured by the FDIC. In determining the total amount of your funds at the Bank for FDIC insurance purposes, you must aggregate all deposits at the Bank held in the same insurable capacity, regardless of the currency in which the deposit is denominated and regardless of whether you hold the deposits directly with the Bank or through Morgan Stanley (e.g., the Bank Deposit Program) or another financial intermediary. In the event of the failure of the Bank, you will be a general unsecured creditor of the Bank with respect to uninsured amounts and will receive payments, if any, in USD based upon the amount of assets the Bank has available for distribution. You should review the "Payments Under Adverse Circumstances" section below for more information.

PAYMENTS UNDER ADVERSE CIRCUMSTANCES

As with all deposits, if it becomes necessary for federal deposit insurance payments to be made on the Deposit Accounts, there is no specific time period during which the FDIC must make insurance payments available. Accordingly, you should be prepared for the possibility of an indeterminate delay in obtaining insurance payments. In addition, the FDIC will convert your Foreign Currency Deposits to USD as of the date of closure. If there is a delay in insurance payments, your Deposit Accounts may lose value prior to payment.

As explained above, the Maximum Applicable Insurance Limit applies to the USD value of the principal and accrued interest on all deposit accounts maintained by you at the Bank in the same insurable capacity. The records maintained by the Bank and Morgan Stanley regarding ownership of your Deposit Accounts would be used to establish your eligibility for federal deposit insurance payments. 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 the Deposit Accounts as trustee for the benefit of trust participants, certain conditions must be met for pass-through insurance to apply, 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.

In the event that deposit insurance payments become necessary, the FDIC is required to pay the USD value of the outstanding principal amount plus accrued interest to the date of the closing of a depository institution, as prescribed by law, and subject to the Maximum Applicable Insurance Limit. The USD value of your Deposit Accounts will be established on the date of closing, not the date of payment. No interest is earned on deposits from the time a depository institution 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 deposits under the original terms or offer you a choice between paying the deposits off and maintaining the deposits at a different rate. Morgan Stanley will advise you of your options in the event of a deposit transfer.

If your Deposit Accounts at the Bank or other deposits at the Bank (e.g., CDs or funds in the Bank Deposit Program) are assumed by another depository institution pursuant to a merger or consolidation, such deposits will continue to be insured separately, up to the Maximum Applicable Insurance Limit, from the deposits that you might have established with the acquiring institution until (i) the maturity date of the CDs, and (ii) the expiration of a six-month grace period from the date of the acquisition. Thereafter, any assumed deposits will be aggregated with your existing deposits with the acquiring institution held in the same capacity for purposes of federal deposit insurance. Any deposit opened at the acquiring institution after the acquisition will be aggregated with deposits established with the acquiring institution for purposes of federal deposit insurance.

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 Deposit Accounts, (ii) losses related to conversion by the FDIC of your Deposit Accounts to USD, (iii) uninsured amounts, or (iv) payment in cash of the principal and accrued interest on the Deposit Accounts prior to maturity in connection with the liquidation of the Bank or the assumption of all or a portion of its deposit liabilities. Also, we will not be obligated to credit your brokerage account with funds in advance of payments received from the FDIC.

Questions About FDIC Insurance Coverage

If you have questions about basic FDIC insurance coverage, please visit the FDIC's website at www.fdic.gov/deposit/index.html or contact your Financial Advisor. You may also wish to seek advice from an attorney concerning the FDIC insurance coverage available to you. Additional information can be obtained by contacting the FDIC, Deposit Insurance Outreach, Division of Supervision and Consumer Affairs:

MAIL
550 17th Street NW
Washington, DC 20429

PHONE
877-275-3342 or 800-925-4618 (TDD)

EMAIL
Use the FDIC's Online Customer Assistance Form available on its website.

[1] A business day is any day other than a Saturday or Sunday, legal holiday or day on which banks are required or authorized by law or regulation to close.

[2] Funds cannot be wired into or out of a Savings Deposit where the underlying brokerage account is an IRA. Foreign Currency checks also cannot be deposited into a Savings Deposit where the underlying brokerage account is an IRA.

[3] APY is an annualized percentage yield reflecting the total amount that was paid as interest and/or dividends, compounded daily over a 365-day period (or 366-day period in a leap year).

[4] Currently, check deposit of Offshore Chinese Renminbi is not available.

[5] Under the customer protection rules of the SEC [17 CFR 240.15c3-3], Morgan Stanley may use free credit balances that are payable to you on demand in the ordinary course of its business.

[6] Two prices exist for every currency. The "bid" is the price at which you can sell and the "ask" (also known as the "offer") is the price at which you can buy. For example, a quote for dollar-swiss franc of "1.0375-78" indicates a bid price for USD/CHF of 1.0375 per dollar and an ask price for USD/CHF of 1.0378 per dollar. The bid price is always quoted first and is lower than the ask price. The differential between the prices is called the bid/ask spread.

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