**INITIAL**
**End Date:8/1/2014**
**Firm Name:MORGAN STANLEY SMITH BARNEY LLC**
**Form:Daily Seg - FOCUS II**
**Submit Date:8/4/2014**

## Daily Segregation - Cover Page

| Name of Company | **MORGAN STANLEY SMITH BARNEY LLC** |
|---|---|
| Contact Name | **Stanley Tulloch** |
| Contact Phone Number | **212-276-3491** |
| Contact Email Address | **stanley.tulloch@morganstanley.com** |

FCM's Customer Segregated Funds Residual Interest Target (choose one):
a. Minimum dollar amount:  ; or **0**
b. Minimum percentage of customer segregated funds required:% ; or **0**
c. Dollar amount range between:and; or **0 0**
d. Percentage range of customer segregated funds required between:% and%. **8 15**

FCM's Customer Secured Amount Funds Residual Interest Target (choose one):
a. Minimum dollar amount:  ; or **0**
b. Minimum percentage of customer secured funds required:% ; or **0**
c. Dollar amount range between:and; or **0 0**
d. Percentage range of customer secured funds required between:% and%. **30 40**

FCM's Cleared Swaps Customer Collateral Residual Interest Target (choose one):
a. Minimum dollar amount:  ; or **0**
b. Minimum percentage of cleared swaps customer collateral required:% ; or **0**
c. Dollar amount range between:and; or **0 0**
d. Percentage range of cleared swaps customer collateral required between:% and%. **0 0**

| | |
|---|---|
| Current ANC:on | **4,363,433,000 31-JUL-2014** |
| Broker Dealer Minimum | **163,701,000** |
| Debit/Deficit - CustomersCurrent AmountGross Amount | |
| Domestic Debit/Deficit | **0** |
| Foreign Debit/Deficit | **0 0** |
| Debit/Deficit - Non CustomersCurrent AmountGross Amount | |
| Domestic Debit/Deficit | **0 0** |
| Foreign Debit/Deficit | **0 0** |
| Proprietary Profit/Loss | |
| Domestic Profit/Loss | **0** |
| Foreign Profit/Loss | **0** |
| Proprietary Open Trade Equity | |
| Domestic OTE | **0** |
| Foreign OTE | **0** |
| SPAN | |
| Customer SPAN Calculation | **233,753,952** |
| Non-Customer SPAN Calcualation | **8,504,687** |
| Proprietary Capital Charges | **19,380,691** |
| Minimum Dollar Amount Requirement | **1,000,000** [7465] |
| Other NFA Dollar Amount Requirement | **0** [7475] |

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**Daily Segregation - Secured Amounts**

|   | Foreign Futures and Foreign Options Secured Amounts | |
|---|---|---|
|   | Amount required to be set aside pursuant to law, rule or regulation of a foreign government or a rule of a self-regulatory organization authorized thereunder | **40,680,448** [7305] |
| 1. | Net ledger balance - Foreign Futures and Foreign Option Trading - All Customers | |
|   | A. Cash | **28,986,206** [7315] |
|   | B. Securities (at market) | **1,999,960** [7317] |
| 2. | Net unrealized profit (loss) in open futures contracts traded on a foreign board of trade | **9,664,428** [7325] |
| 3. | Exchange traded options | |
|   | a. Market value of open option contracts purchased on a foreign board of trade | **0** [7335] |
|   | b. Market value of open contracts granted (sold) on a foreign board of trade | **0** [7337] |
| 4. | Net equity (deficit) (add lines 1. 2. and 3.) | **40,650,594** [7345] |
| 5. | Account liquidating to a deficit and account with a debit balances - gross amount | **119,209** [7351] |
|   | Less: amount offset by customer owned securities | **-89,355** [7352] **29,854** [7354] |
| 6. | Amount required to be set aside as the secured amount - Net Liquidating Equity Method (add lines 4 and 5) | **40,680,448** [7355] |
| 7. | Greater of amount required to be set aside pursuant to foreign jurisdiction (above) or line 6. | **40,680,448** [7360] |
|   | FUNDS DEPOSITED IN SEPARATE REGULATION 30.7 ACCOUNTS | |
| 1. | Cash in banks | |
|   | A. Banks located in the United States | **23,727,392** [7500] |
|   | B. Other banks qualified under Regulation 30.7 | **0** [7520] **23,727,392** [7530] |
| 2. | Securities | |
|   | A. In safekeeping with banks located in the United States | **0** [7540] |
|   | B. In safekeeping with other banks qualified under Regulation 30.7 | **0** [7560] **0** [7570] |
| 3. | Equities with registered futures commission merchants | |
|   | A. Cash | **31,616,008** [7580] |
|   | B. Securities | **1,999,960** [7590] |
|   | C. Unrealized gain (loss) on open futures contracts | **0** [7600] |
|   | D. Value of long option contracts | **0** [7610] |
|   | E. Value of short option contracts | **0** [7615] **33,615,968** [7620] |
| 4. | Amounts held by clearing organizations of foreign boards of trade | |
|   | A. Cash | **0** [7640] |
|   | B. Securities | **0** [7650] |
|   | C. Amount due to (from) clearing organization - daily variation | **0** [7660] |
|   | D. Value of long option contracts | **0** [7670] |
|   | E. Value of short option contracts | **0** [7675] **0** [7680] |
| 5. | Amounts held by members of foreign boards of trade | |
|   | A. Cash | **0** [7700] |
|   | B. Securities | **0** [7710] |
|   | C. Unrealized gain (loss) on open futures contracts | **0** [7720] |
|   | D. Value of long option contracts | **0** [7730] |
|   | E. Value of short option contracts | **0** [7735] **0** [7740] |
| 6. | Amounts with other depositories designated by a foreign board of trade | **0** [7760] |
| 7. | Segregated funds on hand | **0** [7765] |
| 8. | Total funds in separate section 30.7 accounts | **57,343,360** [7770] |
| 9. | Excess (deficiency) Set Aside for Secured Amount (subtract line 7 Secured Statement Page 1 from Line 8) | **16,662,912** [7380] |
| 10. | Management Target Amount for Excess funds in separate section 30.7 accounts | **12,204,135** [7780] |
| 11. | Excess (deficiency) funds in separate 30.7 accounts over (under) Management Target | **4,458,777** [7785] |

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**Daily Segregation - Segregation Statement**

SEGREGATION REQUIREMENTS(Section 4d(2) of the CEAct)

| | | | |
|---|---|---|---|
| 1. | Net ledger balance | | |
| | A. Cash | **425,356,809** [7010] | |
| | B. Securities (at market) | **43,165,381** [7020] | |
| 2. | Net unrealized profit (loss) in open futures contracts traded on a contract market | **42,327,747** [7030] | |
| 3. | Exchange traded options | | |
| | A. Add market value of open option contracts purchased on a contract market | **54,679,992** [7032] | |
| | B. Deduct market value of open option contracts granted (sold) on a contract market | **-51,367,182** [7033] | |
| 4. | Net equity (deficit) (add lines 1, 2 and 3) | **514,162,747** [7040] | |
| 5. | Accounts liquidating to a deficit and accounts with debit balances - gross amount | **1,243,511** [7045] | |
| | Less: amount offset by customer securities | **-1,099,305** [7047] **144,206** [7050] | |
| 6. | Amount required to be segregated (add lines 4 and 5) | **514,306,953** [7060] | |
| | FUNDS IN SEGREGATED ACCOUNTS | | |
| 7. | Deposited in segregated funds bank accounts | | |
| | A. Cash | **24,177,940** [7070] | |
| | B. Securities representing investments of customers' funds (at market) | **0** [7080] | |
| | C. Securities held for particular customers or option customers in lieu of cash (at market) | **0** [7090] | |
| 8. | Margins on deposit with derivatives clearing organizations of contract markets | | |
| | A. Cash | **0** [7100] | |
| | B. Securities representing investments of customers' funds (at market) | **0** [7110] | |
| | C. Securities held for particular customers or option customers in lieu of cash (at market) | **0** [7120] | |
| 9. | Net settlement from (to) derivatives clearing organizations of contract markets | **0** [7130] | |
| 10. | Exchange traded options | | |
| | A. Value of open long option contracts | **0** [7132] | |
| | B. Value of open short option contracts | **0** [7133] | |
| 11. | Net equities with other FCMs | | |
| | A. Net liquidating equity | **515,658,812** [7140] | |
| | B. Securities representing investments of customers' funds (at market) | **0** [7160] | |
| | C. Securities held for particular customers or option customers in lieu of cash (at market) | **43,165,381** [7170] | |
| 12. | Segregated funds on hand | **0** [7150] | |
| 13. | Total amount in segregation (add lines 7 through 12) | **583,002,133** [7180] | |
| 14. | Excess (deficiency) funds in segregation (subtract line 6 from line 13) | **68,695,180** [7190] | |
| 15. | Management Target Amount for Excess funds in segregation | **41,144,556** [7194] | |
| 16. | Excess (deficiency) funds in segregation over (under) Management Target Amount Excess | **27,550,624** [7198] | |

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**Daily Segregation - Supplemental**

| | | |
|---|---|---|
| - | Total gross margin deficiencies - Segregated Funds Origin | **5,398,141** [9100] |
| - | Total gross margin deficiencies - Secured Funds Origin | **291,704** [9101] |
| - | Total gross margin deficiencies - Cleared Swaps Customer Collateral Funds Origin | **0** [9102] |
| - | Total gross margin deficiencies - Noncustomer and Proprietary Accounts Origin | **99,401** [9103] |
| - | Total number of accounts contributing to total gross margin deficiencies - Segregated Funds Origin | **64** [9104] |
| - | Total number of accounts contributing to total gross margin deficiencies - Secured Funds Origin | **7** [9105] |
| - | Total number of accounts contributing to the total gross margin deficiencies - Cleared Swaps Customer Collateral Funds Origin | **0** [9106] |
| - | Total number of accounts contributing to the total gross margin deficiencies - Noncustomer and Proprietary Accounts Origin | **9** [9107] |
| - | Upload a copy of the firm's daily margin report the FCM uses to issue margin calls which corresponds with the reporting date. | |

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**Daily Segregation - Swaps Statement**

STATEMENT OF CLEARED SWAPS CUSTOMER SEGREGATION REQUIREMENTS AND

FUNDS IN CLEARED SWAPS CUSTOMER ACCOUNTS UNDER 4D(F) OF THE CEA

Cleared Swaps Customer Requirements

| | | | |
|---|---|---|---|
| 1. | Net ledger balance | | |
| | A. Cash | **0** [8500] | |
| | B. Securities (at market) | **0** [8510] | |
| 2. | Net unrealized profit (loss) in open cleared swaps | **0** [8520] | |
| 3. | Cleared swaps options | | |
| | A. Market value of open cleared swaps option contracts purchased | **0** [8530] | |
| | B. Market value of open cleared swaps option contracts granted (sold) | **0** [8540] | |
| 4. | Net Equity (deficit) (add lines 1, 2, and 3) | **0** [8550] | |
| 5. | Accounts liquidating to a deficit and accounts with | | |
| | debit balances - gross amount | **0** [8560] | |
| | Less: amount offset by customer owned securities | **0** [8570] **0** [8580] | |
| 6. | Amount required to be segregated for cleared swaps customers (add lines 4 and 5) | **0** [8590] | |
| | Funds in Cleared Swaps Customer Segregated Accounts | | |
| 7. | Deposited in cleared swaps customer segregated accounts at banks | | |
| | A. Cash | **0** [8600] | |
| | B. Securities representing investments of cleared swaps customers' funds (at market) | **0** [8610] | |
| | C. Securities held for particular cleared swaps customers in lieu of cash (at market) | **0** [8620] | |
| 8. | Margins on deposit with derivatives clearing organizations in cleared swaps customer segregated accounts | | |
| | A. Cash | **0** [8630] | |
| | B. Securities representing investments of cleared swaps customers' funds (at market) | **0** [8640] | |
| | C. Securities held for particular cleared swaps customers in lieu of cash (at market) | **0** [8650] | |
| 9. | Net settlement from (to) derivatives clearing organizations | **0** [8660] | |
| 10. | Cleared swaps options | | |
| | A. Value of open cleared swaps long option contracts | **0** [8670] | |
| | B. Value of open cleared swaps short option contracts | **0** [8680] | |
| 11. | Net equities with other FCMs | | |
| | A. Net liquidating equity | **0** [8690] | |
| | B. Securities representing investments of cleared swaps customers' funds (at market) | **0** [8700] | |
| | C. Securities held for particular cleared swaps customers in lieu of cash (at market) | **0** [8710] | |
| 12. | Cleared swaps customer funds on hand | | |
| | A. Cash | **0** | |
| | B. Securities representing investments of cleared swaps customers' funds (at market) | **0** | |
| | C. Securities held for particular cleared swaps customers in lieu of cash (at market) | **0 0** [8715] | |
| 13. | Total amount in cleared swaps customer segregation (add lines 7 through 12) | **0** [8720] | |
| 14. | Excess (deficiency) funds in cleared swaps customer segregation (subtract line 6 from line 13) | **0** [8730] | |
| 15. | Management Target Amount for Excess funds in cleared swaps segregated accounts | **0** [8760] | |
| 16. | Excess (deficiency) funds in cleared swaps customer segregated accounts over (under) Management | **0** [8770] | |