

Coverdell Education Savings Account Plan Document (Effective as of October 1, 2012)

This document sets forth the terms and conditions of the Morgan Stanley Coverdell Education Savings Account (the “CESA”). The CESA has been adopted and is maintained exclusively for paying the Qualified Education Expenses of the designated Beneficiary of each CESA. Each CESA is intended to be a Coverdell Education Savings Account within the meaning of Section 530 of the Internal Revenue Code of 1986, as amended. Morgan Stanley Smith Barney LLC or an affiliate of Morgan Stanley Smith Barney LLC will act as Custodian of the CESA described under this plan. This CESA consists of the Plan document, and the separate Morgan Stanley Adoption Agreement and Morgan Stanley Client Agreement (which may be a separate Client Agreement or a component of a master brokerage account agreement), each of which has been executed by (or on behalf) of the individual who has established the CESA on behalf of the Beneficiary.

Article I—Definitions

1.1 “ADOPTION AGREEMENT” or “AGREEMENT” shall mean the agreement signed by each Contributor or Responsible Individual establishing a CESA.

1.2 “APPLICABLE DOLLAR AMOUNT” shall mean, with respect to an individual, \$95,000 (\$190,000 in the case of a married Contributor filing a joint Federal income tax return).

1.3 “BENEFICIARY” shall mean the person whose Qualified Education Expenses are intended to be funded by this CESA. The Beneficiary shall be designated by the Contributor or the Responsible Individual, if appropriate. Only one Beneficiary may be named for each CESA. Except with respect to the age restrictions set forth in Sections 2.3(b) and 4.4, the term “Beneficiary” shall include a “Special Needs Beneficiary” as defined in Section 1.12 below. The Contributor may also name a Contingent Beneficiary whose Qualified Education Expenses may be paid from this CESA if the Beneficiary dies before all amounts are paid from the CESA, disclaims an interest in the CESA, or is otherwise disqualified from receiving an interest in the CESA. The Contingent Beneficiary will become the Beneficiary upon the occurrence of such event. The Contingent Beneficiary must be a member of the Beneficiary’s Family. No designation of a Beneficiary or Contingent Beneficiary shall be effective until received by the Custodian, in writing, in a form acceptable to the Custodian. If no Contingent Beneficiary is named, upon the death of the Beneficiary the Custodian shall pay any remaining funds in the CESA in accordance with the following default rules:

- (i) to the surviving spouse of the Beneficiary, if any;
- (ii) if no surviving spouse, then to the Beneficiary’s surviving children (naturally born or legally adopted) in equal shares;
- (iii) if no surviving spouse and if no children survive the Beneficiary, then to the Beneficiary’s surviving parents in equal shares, or 100% to the surviving parent; and
- (iv) if no surviving spouse, no surviving children and if no surviving parents, then to the personal representative of the Beneficiary’s estate.

A Beneficiary may disclaim all or part of the Beneficiary’s interest in this CESA by giving written notice of such disclaimer to the

Custodian. If the Custodian receives a timely disclaimer, the CESA shall be operated as if the disclaiming Beneficiary died, unless the Contributor has named a Contingent Beneficiary or, within 30 days of the disclaimer, names another member of the Beneficiary’s Family as the Beneficiary. A group or class of individuals, an unborn child or a trust, estate, charitable organization or other entity that is not an individual may not be designated as a Beneficiary or a Contingent Beneficiary. The Beneficiary and the Contingent Beneficiary must be less than 30 years old except that this age restriction does not apply to a Special Needs Beneficiary.

1.4 “CODE” shall mean the Internal Revenue Code of 1986, as amended.

1.5 “CONTRIBUTOR” shall mean the individual who establishes the CESA on behalf of the Beneficiary. The Contributor may be the Beneficiary. A corporation or other entity may also be a Contributor. Where the context so requires, the term “Contributor” shall include a “Responsible Individual” defined in Section 1.11 below.

1.6 “CUSTODIAN” shall mean Morgan Stanley Smith Barney LLC, a Delaware limited liability corporation, or its successor or eligible assignee, or an affiliate designated by Morgan Stanley Smith Barney LLC to act as Custodian for CESAs established or maintained under this Plan. In the event that Morgan Stanley Smith Barney LLC is merged with an unaffiliated legal entity where Morgan Stanley Smith Barney LLC is not the surviving entity, or if Morgan Stanley Smith Barney LLC is acquired, in whole or in part, by another unaffiliated legal entity who acquires the custodial CESA business of Morgan Stanley Smith Barney LLC, such entity shall become Custodian, under this document, so long as (a) the terms of such operative documents providing for the assumption of the role of CESA custodian by the acquisition or merger specify the assumption of the CESA custodianship and (b) such successor or acquiring entity satisfies the requirements under the Code and applicable Federal and state law for serving as a CESA custodian. In the event of a corporate reorganization of Morgan Stanley Smith Barney LLC and its affiliates where Morgan Stanley Smith Barney LLC is not a surviving entity, any such successor entity shall, if otherwise satisfying the requirements under the Code and applicable Federal and state law, automatically become Custodian as of the date of such reorganization. In the event that Morgan Stanley Smith Barney LLC shall merge, be acquired, or be reorganized and the foregoing provisions do not provide a successor Custodian, the participant shall appoint a successor Custodian in accordance with Section 8.2.

1.7 “FAMILY” shall mean, with respect to a Beneficiary, the Beneficiary’s children and their descendants, stepchildren, siblings and their children, parents, a stepbrother or stepsister, stepparents, aunts, uncles, spouses of all the foregoing, any first cousin of the Beneficiary or any other person considered a member of a “Family” for purposes of Code Section 530.

1.8 “MAGI” shall mean modified adjusted gross income which, for purposes of a CESA, is the adjusted gross income, if any reported on the Contributor’s Federal income tax return (or which would have been reported if the Contributor was required to file a return), increased, in accordance with Code Section 530(c)(2), to include foreign earned income, foreign housing costs and income from certain United States Territories and Puerto Rico under Code Sections 911, 931 and 933.

1.9 "PHASE OUT AMOUNT" shall mean, with respect to an individual, \$110,000 (\$220,000 in the case of a married Contributor who files a joint Federal income tax return).

1.10 "QUALIFIED EDUCATION EXPENSES" shall mean the following expenses:

a. Qualified Higher Education Expenses described in Code Section 529(e)(3). These expenses include tuition, fees, books, supplies and equipment required for enrollment or attendance at an eligible educational institution defined in Code Section 529(e)(5) and expenses for special needs services in the case of a Special Needs Beneficiary which are incurred in connection with such enrollment or attendance. Qualified Higher Education Expenses also include room and board expenses for Beneficiaries who are enrolled at least half-time in an eligible educational institution, up to the room and board allowance applicable to the Beneficiary included in the cost of attendance determined by the institution under Section 472 of the Higher Education Act of 1965, as amended or, if greater, the actual invoice amount charged to a Beneficiary by the institution.

b. Qualified Elementary and Secondary Education Expenses described in Code Section 530(b)(4) incurred in connection with the enrollment or attendance of the Beneficiary as an elementary or secondary school student (kindergarten through 12th grade) at a public, private or religious school. These expenses include tuition, fees, academic tutoring, special needs services for a Special Needs Beneficiary, books, supplies and other equipment, room and board, uniforms, transportation and supplementary items, and services (including extended day programs) which are required or provided by the school in connection with enrollment or attendance. Qualified Elementary and Secondary Education Expenses also include expenses for the purchase of computer technology or equipment or Internet access and related services, if such technology, equipment or services are used by the Beneficiary and the Beneficiary's Family during any of the years the Beneficiary is in an elementary or secondary school, but shall not include expenses for computer software for sports, games or hobbies unless such software is predominantly educational in nature. For purposes of the CESA, an elementary or secondary school is any school providing education at any of the kindergarten through 12th grade levels as determined by State law.

c. Qualified Tuition Programs. Any contribution to a Qualified Tuition Program described in Code Section 529 on behalf of the Beneficiary provided that the amount taken from the CESA for such contribution shall be treated by the qualified tuition program as including the same ratio of contributions to earnings as would be the case for a CESA distribution that exceeds the Beneficiary's Qualified Education Expenses.

1.11 "RESPONSIBLE INDIVIDUAL" shall mean an individual over the age of majority who is the parent, guardian, conservator or court-appointed representative of a minor or incapacitated adult which minor or incapacitated adult is either the Contributor or the Beneficiary of a CESA established hereunder. The Responsible Individual shall be authorized to take, and shall be responsible for all acts that may be taken by the Contributor or the Beneficiary with respect to a CESA during the period of the Contributor's minority or incapacity.

1.12 "SPECIAL NEEDS BENEFICIARY" means a Beneficiary who, because of a physical, mental or emotional condition (including a learning disability) requires additional time to complete his or her education and shall also include individuals described in Regulations promulgated by the U.S. Treasury Department.

Article II—Contributions

2.1 ESTABLISHMENT OF CESA. An eligible Contributor, or the duly authorized representative of any such Contributor, may establish a CESA by delivering an executed Adoption Agreement to the Custodian. The Contributor must designate a Beneficiary and may designate a Contingent Beneficiary in the Adoption Agreement. The CESA shall be established when the Custodian accepts the Adoption Agreement. At that time, both the Contributor and the Beneficiary shall be bound by all of the terms and conditions of the CESA set forth in this document. If the Contributor is also the Beneficiary and the Contributor is a minor or an incapacitated adult, a Responsible Individual must establish the CESA on behalf of the Contributor.

2.2 REVOCATION OF CESA. Any person, who establishes a CESA pursuant to Section 2.1 above, may revoke without penalty, the CESA at any time within seven days after the earlier of the establishment or deposit of funds into the CESA by notifying the Custodian in writing of such revocation. Upon revocation of a CESA, the Custodian shall return the full amount contributed by such person together with any fees, charges or expenses paid by such person and without regard to any change in market value of CESA assets.

2.3 REGULAR CONTRIBUTIONS.

a. Eligibility to Make Contributions. A Contributor may make a contribution for any taxable year in which the Contributor's MAGI is less than the Phase Out Amount. The maximum amount that may be contributed to all CESAs established for the Beneficiary for a taxable year shall equal \$2,000 reduced, in the case of a Contributor who is an individual, by the same ratio as the amount of the excess of the Contributor's MAGI for the taxable year over the Applicable Dollar Amount bears to \$15,000 (\$30,000 in the case of a married Contributor filing a joint Federal income tax return for the year of the contribution). An individual Contributor whose MAGI for a taxable year equals or exceeds the Phase Out Amount may not contribute to a CESA for the taxable year. The Phase Out Amount and MAGI limits do not apply to Contributors who are corporations or other entities.

b. Time for Making Contributions. Contributions to a CESA for a taxable year may be made at any time, and from time to time, from the first day of the year until the due date (without extensions) of the Contributor's Federal income tax return for the year except that no contributions may be made after the date on which a Beneficiary, who is not a Special Needs Beneficiary, attains age 18.

2.4 ROLLOVERS.

a. Regular Rollovers. A Beneficiary receiving a distribution of all or a portion of the balance of a CESA, may make an irrevocable election to contribute all or a portion of such distribution to another CESA for that Beneficiary or for a member of the Beneficiary's Family no later than 60 days after the distribution is made, provided that a rollover shall be deemed to be a distribution if the Beneficiary rolled over a prior distribution from a CESA that the beneficiary

received during the 12-month period ending on the date of the latest distribution. Rollovers to this CESA from a CESA established for the Beneficiary or a member of the Beneficiary's Family are permitted. Rollover contributions may not be made to a CESA established for a Beneficiary or a member of the Beneficiary's Family if the **Beneficiary or Family member is more than 30 years old**. This 30 years of age limit does not apply to a Special Needs Beneficiary or to a Family member who, upon completion of the rollover, will be a Special Needs Beneficiary.

b. Military Death Gratuity Rollovers. A survivor beneficiary of a military death gratuity or a payment from Servicemember's Group Life Insurance (SGLI) may roll over all or part of the amount received to a CESA for the benefit of members of the survivor beneficiary's family subject to the requirements of Code Section 530(d)(9). Such a rollover contribution is not subject to the regular contribution limits set forth in Section 2.3 but cannot exceed the total survivor benefits received, reduced by contributions from those benefits to Roth IRAs or other Coverdell CESAs. The contribution to a CESA from a death gratuity or survivor benefits cannot be made later than 1 year after the date on which the gratuity or SGLI payment is received. The limit of one rollover during a 12-month period does not apply to a military death gratuity or SGLI payment.

2.5 CHANGE OF BENEFICIARY. The Contributor, the Responsible Individual or, after attaining age 21 the Beneficiary may elect, in a form and manner acceptable to the Custodian, to designate a member of the Beneficiary's Family as the Beneficiary of this CESA provided such family member is less than age 30. This 30 years of age limit shall not apply if the family member will be a Special Needs Beneficiary upon completion of the change of Beneficiary.

2.6 NATURE OF CONTRIBUTIONS. Only contributions described in Sections 2.3 and 2.4 may be made to a CESA. Except in the case of a rollover contribution, no contributions will be accepted unless they are in cash. A rollover contribution may consist of cash and property received by the Beneficiary (or a member of the Beneficiary's Family) in a distribution described in Section 2.4 if such property is of a nature and in a form acceptable to the Custodian.

2.7 NONFORFEITABLE INTERESTS IN CESA. Subject to Section 2.5 above, the Beneficiary's interest in this CESA shall be nonforfeitable.

2.8 EXCESS CONTRIBUTIONS. Contributions which do not qualify under, or exceed the limits set forth in, Code Section 530, and any earnings on such contributions, calculated under Income Tax Regulations Section 1.408-11 or any successor regulation that applies to Code Section 530, may be withdrawn from a CESA upon a request to the Custodian by the Contributor or the Contributor's authorized representative. Such request shall be in writing in a form acceptable to the Custodian or in such other medium as may be acceptable to the Custodian.

Article III—Investments

3.1 DIRECTION TO CUSTODIAN. Each Beneficiary shall direct the Custodian with respect to the investment and reinvestment of the contributions to the Beneficiary's CESA and the earnings thereon; provided, however, that if the Beneficiary is under age 21 or incapacitated, the Contributor or Responsible Individual shall

give investment directions with respect to the Beneficiary's CESA. Such directions shall include investments available for acquisition through the Custodian in its regular course of business and approved by the Custodian for investment by CESAs. Unless the CESA has been enrolled in a Morgan Stanley managed account program or other advisory service or program as provided under a separate agreement, the Custodian will not have discretionary authority or control with respect to the investment of the CESA assets. The Custodian is not responsible for reviewing the assets in the CESA, or for making recommendations on acquiring, retaining or selling any assets. Uninvested cash, dividends and distributions on shares of mutual funds or other investments held in the account that are paid in cash will be invested along with other cash balances (see Cash Balances, below).

3.2 DELEGATION OF INVESTMENT RESPONSIBILITY. A Beneficiary, Contributor or Responsible Individual, authorized to give investment directions by Section 3.1 above may delegate the authority to invest all or a portion of the CESA to an agent or attorney-in-fact, including but not limited to (a) a division or affiliate of the Custodian or (b) in the case of a delegation by the Contributor or Responsible Individual, a Beneficiary who has attained age 18. This delegation shall be accomplished by notifying the Custodian in writing on a form acceptable to the Custodian of the delegation of such investment authority, the name of the person or persons to whom such authority is delegated, any limitations upon such authority and the assets over which such agent or attorney-in-fact shall have investment authority. The Custodian shall follow the directions of such agent or attorney-in-fact and shall be under no duty to review or question any direction, action or failure to direct or act of such agent or attorney-in-fact. The Beneficiary, Contributor or Responsible Individual may revoke the agent's or attorney-in-fact's authority at any time by notifying the Custodian in writing of such revocation. The Custodian shall not be liable in any way for transactions initiated prior to receipt of such notice of revocation. A delegation of investment authority by a Contributor or Responsible Individual to anyone other than the Beneficiary shall be automatically revoked upon the Beneficiary's attaining age 21 unless the Beneficiary is incapacitated or, after attaining age 21, renews the delegation by giving written notice of the renewal to the Custodian. The Contributor, Responsible Individual or Beneficiary, as the case may be, or, if the Beneficiary is deceased, the applicable Beneficiary (as determined pursuant to Section 1.3 or) or authorized representative of such beneficiary is responsible at all times for directing the investment of assets in the CESA.

3.3 CASH BALANCES. The Contributor, Responsible Individual or Beneficiary, as the case may be, or, if the Beneficiary is deceased, the applicable Beneficiary (as determined pursuant to Section 1.3) or authorized representative of such Beneficiary authorizes the deposit of investment of cash balances in the CESA in:

- a. Deposit accounts with Morgan Stanley Bank N.A. and/or any other banking affiliate of the Custodian;
- b. Any other sweep investment vehicle specified either in the Adoption Agreement or an agreement applicable to the sweep investment vehicle for the CESA; or

c. A sweep investment vehicle otherwise made available to the CESA and disclosed to the Contributor, Responsible Individual or Beneficiary.

The Custodian may amend this Section 3.3, or change the sweep investment vehicle available to the CESA, at any time with notice to the Contributor, Responsible Individual or Beneficiary, or if the Beneficiary is deceased, the applicable Beneficiary.

3.4 DEATH OR DISSOLUTION OF CONTRIBUTOR. In the event the Contributor dies or is incapacitated, or if a corporation or other entity, is dissolved or otherwise ceases doing business, before the Beneficiary has attained age 21, and the Contributor has not designated a successor Contributor, the parent or legal guardian of the Beneficiary shall be substituted for the Contributor for purposes of giving directions to the Custodian, or delegating authority to give such directions, under Sections 3.1 and 3.2 above (including, but not limited to, designating a member of the Beneficiary's Family as a Beneficiary under Section 2.5 above).

3.5 UNINVESTED CASH. The Custodian may hold uninvested cash in amounts less than \$1.00 in the Beneficiary's CESA.

3.6 PROHIBITION ON INVESTMENT IN LIFE INSURANCE AND COLLECTIBLES. A CESA may not be invested in life insurance contracts or in any work of art, rugs, antiques, metals, gems, stamps, coins, alcoholic beverages or any other tangible personal property classified by the Secretary of the Treasury or the Secretary's delegate as a collectible within the meaning of Code Section 408(m), except that CESA assets may be used to purchase certain coins and bullion, described in Code Section 408(m)(3) if the Custodian agrees to hold such assets pursuant to the requirements of Code Section 408(m).

3.7 MORGAN STANLEY MANAGED ACCOUNT/ADVISORY SERVICES. The Contributor (or the Contributor's duly authorized representative, including the Beneficiary who has attained age 18), Responsible Individual or, after attaining age 21, the Beneficiary (or the Beneficiary's duly authorized representative) may enroll the Account in a Morgan Stanley managed account/advisory service or program as provided under a separate agreement.

Article IV — Distributions

4.1 IN GENERAL. The Beneficiary (or the Beneficiary's duly authorized representative) may direct a distribution of all or a portion of the CESA to the Beneficiary at any time and from time to time in such form and in such manner as is acceptable to the Custodian; provided, however, that if the Beneficiary is under age 21 or incapacitated, the Contributor (or the Contributor's duly authorized representative, including the Beneficiary who has attained age 18) or Responsible Individual shall give such distribution directions with respect to the Beneficiary's CESA. A distribution shall be made only upon notification to the Custodian pursuant to Section 4.5 below.

4.2 METHODS OF DISTRIBUTION. As elected by the individual or entity requesting the distribution, distributions may be made in cash or in kind as follows:

- a. In a single lump sum payment;
- b. In monthly, quarterly or annual installments; or
- c. Any combination of the above.

Subject to the distribution requirements set forth in Section 4.4 below, the method of distribution may be changed at any time

before benefits are completely distributed by filing a new election with the Custodian prior to the effective date of the change in method of distribution.

4.3 PURPOSE OF DISTRIBUTIONS. It is intended that distributions will be used for the Beneficiary's Qualified Education Expenses. The individual or entity authorized to request distributions under Section 4.1 shall be responsible for determining whether such distributions do not exceed such expenses. The Custodian shall not be responsible for the tax consequences of any distribution.

4.4 REQUIRED DISTRIBUTIONS. Unless the Beneficiary is changed pursuant to Section 2.5 herein or, in the event of the Beneficiary's death, the contingent beneficiary is under age 30, the CESA must be distributed in its entirety within 30 days after the earlier of the Beneficiary's 30th birthday or the Beneficiary's death (or at such later time permitted by law). The requirement that the CESA be distributed in its entirety within 30 days of the beneficiary reaching age 30 shall not apply to a Special Needs Beneficiary.

4.5 DIRECTIONS TO CUSTODIAN. All directions to the Custodian for the distribution of property held in the CESA must be in writing on a form acceptable to the Custodian or in such other medium as shall be acceptable to the Custodian. Such direction shall include, but not be limited to, an identification of the CESA, the amount of cash or specific securities or other property to be distributed, the order in which securities or other property held in the CESA shall be liquidated, if necessary, the nature or purpose of the distribution, the party to whom the distribution shall be made, whether income taxes are to be withheld and such other representations or facts as the Custodian may reasonably require.

4.6 EFFECT OF DISTRIBUTION. The Custodian shall have no obligation to determine whether a distribution from the CESA is permissible under the Code or any other applicable law. The Custodian may reasonably rely on a representation by the person authorized to request distributions under Section 4.1, or such person's representative, as appropriate, that a distribution is so permitted. The Custodian may reasonably rely on directions from such person with respect to the amount and timing of death benefit distributions. The Custodian shall be entitled to withhold from delivery and to reserve such property as it deems reasonably necessary for the payment of all of its unpaid fees and other expenses and/or for the payment of any other liability or charge against the CESA. The Custodian shall not be liable for distributed CESA assets removed from the CESA at the direction of the Beneficiary, Contributor, the duly authorized representative of either, or of a court or government agency of competent jurisdiction.

Article V — Transfers

5.1 IN GENERAL. Cash, securities or other property may be transferred to or from a CESA as follows:

a. Cash, securities or other property held on behalf of the Beneficiary or a member of the Beneficiary's Family by the custodian or trustee of another CESA described in Code Section 530 may be transferred to the Custodian and held in a CESA for the benefit of the Beneficiary but only to the extent that such cash, securities or other property meets the Custodian's requirements with respect to the administrative

feasibility of accepting such transfers. The Custodian is not obligated to accept (and may reject or refuse) any transfer.

b. Upon the direction of the person authorized to direct distributions under Section 4.1, made in writing on a form acceptable to the Custodian, or such other medium as may be acceptable to the Custodian, the Custodian shall transfer cash, securities or other property held in the Beneficiary's CESA to the trustee or custodian of a CESA described in Code Section 530 established on behalf of the Beneficiary or a member of the Beneficiary's Family.

c. A Beneficiary may, upon written direction to the Custodian accompanied by a copy of the decree or instrument described herein, transfer all or any part of the Beneficiary's CESA to a spouse or former spouse under a decree of divorce or separate maintenance or an instrument incident thereto as described in Code Section 71(b)(2)(A).

d. No transfer described above may be made to the CESA of a Beneficiary or member of the Beneficiary's Family who is more than 30 years old. This age restriction does not apply to a Special Needs Beneficiary or a Family Member who, upon completion of the transfer, will be a Special Needs Beneficiary.

5.2 EFFECT OF TRANSFER. Upon receipt of a proper direction to transfer all or part of the property held in a CESA, the Custodian shall act upon such direction within a reasonable period to the extent reasonably possible. The Custodian shall be entitled to withhold and reserve such cash or property from such transfer as the Custodian deems reasonably necessary for the payment of all of its unpaid fees and other expenses and/or for the payment of any other liability or charge against the CESA. The Custodian shall have no obligation to ascertain whether any transfer made under this Article is permissible under the Code or any other applicable law and may reasonably rely upon any representation by the Contributor, the Beneficiary or authorized representative of either, as appropriate, that the transfer does not violate the terms of the Code or any other applicable law. The Custodian shall not be liable for transferred assets removed from the CESA pursuant to proper directions under this Agreement or pursuant to an order of a court or government agency of competent jurisdiction.

Article VI—Power, Duties and Obligations of Custodian

6.1 NO INVESTMENT DISCRETION. Except as otherwise agreed in writing between the Contributor, Beneficiary or the representative of either, as appropriate, and the Custodian or an affiliate of the Custodian, the Custodian shall have no discretion to direct any investments of the CESA, and is solely authorized to acquire and hold the particular investments specified by in directions received by the Custodian. The Custodian is not, however, obligated to act upon each and every investment direction and may, within its normal and customary practices, decline to act upon a given investment direction. Notwithstanding any other provision herein to the contrary, the Custodian may refuse to follow instructions that it reasonably believes will result in a transaction prohibited by Code Section 4975 or by Section 3.6 of this plan.

6.2 INVESTMENT POWERS. The Custodian may hold any securities acquired for the CESA in the name of the Custodian without qualification or description, in the name of any nominee or by or

through a central clearing corporation or depository. The Custodian shall have the following powers and authority with respect to the administration of each CESA:

a. To invest and reinvest the assets of the CESA without regard to whether such investment is authorized by the laws of any jurisdiction for fiduciary investments.

b. To exercise, buy or sell covered listed options; conversion privileges or rights to subscribe for additional securities and to make payments therefore.

c. To consent to or participate in dissolutions, reorganizations, consolidations, mergers, sales, leases, mortgages, transfers or other changes affecting securities held by the Custodian.

d. To make, execute and deliver as Custodian any and all contracts, waivers, releases or other instruments in writing necessary or proper for the exercise of any of the foregoing powers.

e. To grant options to purchase securities held by the Custodian or to repurchase options previously granted with respect to securities held by the Custodian.

f. The Custodian shall exercise any rights of a shareholder (including voting rights) with respect to any securities held in the CESA only in accordance with the instructions of the Contributor or Beneficiary, as appropriate, pursuant to any applicable rules of the Securities and Exchange Commission and the national securities exchanges of which the Custodian is a member.

g. To invest and reinvest the assets of the Account in deposits of an affiliate or affiliates.

6.3 ADMINISTRATIVE POWERS.

a. The Custodian shall have the power to take such actions as are reasonable and necessary to carry out its duties hereunder.

b. The Custodian shall be under no duty to take any action other than as specified herein unless the party authorized to provide investment directions pursuant to Section 3.1 furnishes the Custodian with written instructions, agrees to indemnify and hold the Custodian harmless from any claims arising out of such instructions and such instructions are specifically agreed to in writing by an authorized representative of the Custodian.

c. The Custodian may consult with and employ suitable agents and advisors, including but not limited to legal counsel, accountants and tax advisors, with respect to its duties under the CESA and applicable law.

d. The Custodian may mail notices to the Contributor, Beneficiary or the duly authorized representative of the Contributor or Beneficiary to the last known address of the Contributor, Beneficiary or representative.

e. The Custodian shall keep such records and shall file with the appropriate government agencies, including but not limited to the Internal Revenue Service, such reports, returns and other information concerning the CESA as may be required of it by law or regulation. The Custodian may pay such taxes as are owed by the CESA as an expense of the CESA.

f. The Custodian may liquidate assets held in a CESA to make distributions or transfers or pay fees, expenses, liabilities, charges or taxes assessed against the CESA. If the Custodian must liquidate assets and the person authorized under Section 3.1 to provide investment direction fails to instruct the Custodian as to the liquidation of

such assets, assets will be liquidated in the following order to the extent held in the CESA:

1. Shares held in the Morgan Stanley Liquid Asset Fund, Inc. sweep vehicle or other money market mutual fund sweep vehicle or assets held in savings accounts.
2. Amounts held in the Bank Deposit Program sweep vehicle or any other sweep vehicle specified pursuant to Section 3.3.
3. Shares held in a money market mutual fund acquired through direct purchase.
4. Publicly traded securities in such order as the Custodian deems reasonable.
5. Other investments in such order as the Custodian deems reasonable.
6. Limited Partnership interests.

6.4 RECORDS AND REPORTS.

a. The Custodian shall keep accurate records of all contributions, receipts, investments, distributions, disbursements and other transactions of the CESA.

b. Periodically, but not less than each calendar year, and on such other dates as may be prescribed by law or regulation, the Custodian shall deliver a written CESA statement to the Contributor or the Beneficiary, as appropriate, by mail at such individual's last known address, electronically (if consented to by the individual or otherwise permitted by law or regulation) or by such other means as may be allowed by law, regulation or consent of the individual. Such statement shall reflect:

1. Receipts, disbursements and other CESA transactions during the calendar year (or such other period).
2. Assets and liabilities of the CESA as of the last day of the calendar year (or such other period).
3. Such other information as may be required by law or regulation. Unless the Custodian receives from the Contributor, the Beneficiary or, if the Beneficiary is deceased, the applicable Beneficiary (as determined pursuant to Section 1.3) as appropriate, a written statement of exceptions or objections to the CESA statement with the Custodian within 60 days after the mailing of the statement, the statement shall be deemed to have been approved by such parties, and the Custodian shall be released from all liability to anyone (including any spouse of such parties) with respect to all matters set forth in the statement. No persons other than the Contributor, the Beneficiary, or, if the Beneficiary is deceased, the applicable Beneficiary (as determined pursuant to Section 1.3), if appropriate, may require an accounting.
4. The Custodian shall also provide the Beneficiary with summary descriptions or other reports as may be required under Code Section 530 or other applicable law.

6.5 RIGHT TO REQUEST JUDICIAL ASSISTANCE. Anything to the contrary contained in the Client Agreement regarding arbitration notwithstanding, the Custodian shall have the right at any time to apply to a court of competent jurisdiction for judicial settlement of its accounts or for determination of any questions or construction that may arise or for instructions. The only necessary party defendants to any such action shall be the Contributor (if the Beneficiary has

not attained age 21), Beneficiary or, if the Beneficiary is deceased, the applicable Beneficiary (as determined pursuant to Section 1.3), but the Custodian may join any other person or persons as a party defendant. The costs, including attorney's fees, of any such proceeding shall be charged to the CESA as an administrative expense under Article X.

6.6 SCOPE OF CUSTODIAN'S DUTIES. The Custodian shall only have the duties that are specifically set forth herein. The Custodian shall have no duty to ascertain whether contributions, distributions or transfers comply with the CESA or the Code. The Custodian shall not make any investments or dispose of any investments held in the CESA, except upon directions authorized under Section 3.1 or in accordance with Sections 3.2 or 6.3(f). The Custodian shall be under no duty to question any such directions, to review any securities or other property held in the CESA, or to make suggestions with respect to the investment, retention or disposition of any assets held in the CESA unless the Custodian is fully indemnified to its satisfaction and agrees to do so in writing executed by an authorized representative of the Custodian.

6.7 SCOPE OF CUSTODIAN'S LIABILITY. The Custodian shall not be liable for any loss of any kind which may result from any action taken by it in accordance with the direction of the Contributor, the Beneficiary or such person's duly authorized representative, or from any failure to act because of the absence of any such directions. The Custodian is entitled to act upon any instrument, certificate or form it believes is genuine and believes is signed or presented by the proper person or persons, and the Custodian need not investigate or inquire as to any statement contained in such document but may accept it as true and accurate.

6.8 RIGHT TO ADJUDICATE CLAIMS OF MULTIPLE BENEFICIARIES. Should two or more individuals or entities raise conflicting claims that they are each a Beneficiary of a CESA, the Custodian is authorized in its sole discretion and without liability because of fluctuating market conditions or otherwise to do any one or more of the following: (a) select which instructions to follow or claims to honor and which to disregard; (b) suspend all activity in the CESA, refuse to buy, sell or trade any security or commodity, and refuse to disburse any monies or properties, except upon written instructions signed by all Beneficiaries or claimants; (c) close the CESA and send any and all securities, monies or other property by ordinary mail to the owner and address of record, reporting such transaction as a distribution to the owner of record; or (d) take action pursuant to Section 6.5 above including, but not limited to, an interpleader action in any appropriate court, provided that filing any action shall not be deemed a waiver of the Custodian's right to arbitrate under the Client Agreement and Section 11.7 below.

Article VII—Duties of the Contributor, Responsible Individual or Beneficiary

7.1 DUTIES UNDER THE CODE. The Contributor, Responsible Individual and Beneficiary or, if the Beneficiary is deceased, the applicable Beneficiary (as determined under Section 1.3), agree to fulfill any obligations now or here after imposed on such persons by the Code or other applicable law or regulation. To the extent the Custodian performs such obligations at the request of such persons,

such persons agree to pay the Custodian such reasonable fee as the Custodian may charge for its services. Such fees shall be included with the fees charged pursuant to Article X hereof.

7.2 FURNISHING INFORMATION. The Contributor, Responsible Individual, Beneficiary or, if the Beneficiary is deceased, the applicable Beneficiary (as determined pursuant to Section 1.3) shall furnish the Custodian with such information and documents as the Custodian may reasonably require. If such persons fail to furnish such information or documents, the Custodian may, at its sole discretion, terminate the CESA and distribute to the Beneficiary or, if the Beneficiary is deceased, the applicable Beneficiary (as determined pursuant to Section 1.3) in a lump sum payment, an amount equal to the assets in the CESA less an amount deemed reasonably necessary by the Custodian for the payment of all unpaid fees, expenses, charges, taxes or other liabilities of the CESA, whether or not liquidated.

7.3 INDEMNIFICATION OF CUSTODIAN. The Contributor, Responsible Individual, Beneficiary or, if the Beneficiary is deceased, the applicable Beneficiary (as determined pursuant to Section 1.3) shall indemnify and hold the Custodian harmless from any liability which may arise hereunder except liability arising from the gross negligence or willful misconduct of the Custodian.

Article VIII — Resignation or Removal of Custodian

8.1 RESIGNATION OR REMOVAL. The Custodian may resign at any time by giving at least 30 days written notice to the party authorized to provide distribution directions under Section 4.1, and may, but is not required to, designate a qualified successor Custodian upon such notice of resignation. The appointment of the successor Custodian shall become effective at the time the resigning Custodian ceases to act. The Custodian may be removed by a party authorized to give distribution directions under Section 4.1 at any time by giving at least 30 days written notice to the Custodian. The notice period may be waived by the party entitled to the notice.

8.2 SUCCESSOR CUSTODIAN OR TRUSTEE. Upon the resignation or removal of the Custodian, the party authorized to provide distribution directions under Section 4.1 shall either accept the Custodian's appointment of a successor or appoint a successor Custodian. Such party may only designate, as successor Custodian, a bank or other person or institution approved by the Secretary of Treasury to hold CESA assets, as appropriate. In the event the Custodian resigns and appoints a successor, such authorized party's failure to appoint a successor Custodian, on or before the effective date of such resignation and appointment (as set forth in the notice described in Section 8.1 above), shall constitute such authorized party's consent to the successor appointed by the Custodian. The successor shall have all rights, powers, privileges, liabilities and duties of the Custodian. Upon acceptance of appointment by the successor, the Custodian shall assign, transfer and deliver to the successor all assets and liabilities of the CESA. The Custodian is authorized, however, to reserve such funds as it deems advisable to provide for the payment of expenses, fees, taxes and other liabilities of the CESA, liquidated or not, then unpaid or to be incurred in connection with the settlement of the Custodian's account, and any balance remaining after the settlement of its account shall be paid to the successor Custodian. If no qualified successor is designated by

the Custodian or the party authorized to provide directions under Section 4.1, within 30 days of the notice of resignation or removal, the Custodian may distribute to the Beneficiary the entire interest in the CESA in a lump sum.

8.3 SUBSTITUTION OF CUSTODIAN. The Custodian shall substitute another trustee or custodian in place of the Custodian upon notification by the Internal Revenue Service that such substitution is required because the Custodian has failed to comply with the requirements of Section 1.408-2(e) of the Income Tax Regulations, or is not keeping such records, making such returns, or rendering such statements as are required by applicable law or regulations.

Article IX — Amendment and Termination

9.1 AMENDMENT OR TERMINATION. The Custodian, or any successor custodian or trustee, may amend or terminate the CESA or related agreements, including the Adoption Agreement, at any time provided that notice of such amendment or termination be provided to the Contributor, Responsible Individual or Beneficiary, as may be applicable in writing. Such individual shall be deemed to have consented to any such amendment unless within 30 days after such notice, he/she terminates (or transfers) his or her CESA. No amendment of the CESA, however, shall deprive any Beneficiary or, if the Beneficiary is deceased, the applicable beneficiary of any benefit to which such person was entitled under the CESA from contributions made prior to the amendment, unless the amendment is necessary to conform the CESA or related agreements to the current or future requirements of the Code or other applicable law, regulation or ruling, in which case the Custodian is expressly authorized to make amendments that are necessary for such purposes retroactively to the later of the effective date of the CESA or the effective date of such legal requirements.

9.2 DISTRIBUTION ON TERMINATION. If the CESA is terminated by the Custodian for any reason, and no change of Beneficiary or rollover is authorized, the Custodian shall distribute the balance held in each CESA to the Beneficiary or, if the Beneficiary is deceased, the applicable Beneficiary (as determined pursuant to Section 1.3), as appropriate; provided, however, that the Custodian may exclude from any such distribution cash or property deemed reasonably necessary by the Custodian for the payment of all unpaid fees, expenses, taxes, charges and other liabilities of the CESA, liquidated or not.

Article X — Fees and Expenses

10.1 COMPENSATION OF THE CUSTODIAN. The Custodian shall be entitled to reasonable compensation for its services hereunder and to reimbursement for all reasonable expenses incurred in maintaining the CESA. The Custodian shall notify the party entitled to give distribution directions under Section 4.1 in writing of its fees and of any changes in fees. The Contributor, Responsible Individual or Beneficiary, as the case may be, or, if the Beneficiary is deceased without a contingent beneficiary on record, the Beneficiary as determined pursuant to Section 1.3, and the Custodian agree that the Custodian has the absolute right to amend, revise or substitute fee schedules identified or referred to in the Disclosure Statement, and no amendment, revision or substitution of a fee schedule shall be deemed an amendment of this Agreement.

10.2 PAYMENT OF FEES AND EXPENSES. The Contributor, Responsible Individual, or the Beneficiary, as applicable is responsible for paying any maintenance, custodial, or related administrative charges the Custodian might reasonably require and disclose in connection with the process of opening, or maintaining the CESA. Brokerage fees, commissions and related expenses shall be paid in the customary manner. In the event the CESA is terminated or transferred, a termination or transfer fee shall be due and payable on the date of the termination or transfer. Reimbursement for expenses shall be due and payable upon demand. The Custodian reserves the right, in its sole discretion, to elect to discount or waive certain fees, including but not limited to CESA maintenance fees, for certain customers. To effect the payment of fees from a CESA, the Custodian will liquidate assets in accordance with Section 6.3(f).

10.3 DEDUCTION OF FEES AND EXPENSES. Notwithstanding any other provisions of this Plan, the CESA shall be subject to the reasonable fees, charges and expenses of the Custodian, as described in the Plan, the Disclosure Statement, and other fee schedules and documentation, as may be amended from time to time. The Custodian may deduct from and charge against a CESA all reasonable fees and expenses incurred in maintaining the CESA that have not been timely paid by the Beneficiary. If the Beneficiary has more than one CESA with the Custodian, and the party directing distribution of the CESAs pursuant to Section 4.1 is the same, the Custodian may allocate such fees and expenses among a Beneficiary's CESAs at such time or times and in such a manner as the Custodian, in its reasonable discretion, determines. To effect the payment of fees and expenses from a CESA, the Custodian may liquidate assets held in the CESA in accordance with Section 6.3(f).

Article XI—Miscellaneous

11.1 PROHIBITED TRANSACTIONS. Notwithstanding anything contained herein to the contrary, no Contributor, Responsible Individual, Beneficiary, [spouse of a Beneficiary] or if the Beneficiary is deceased,

the applicable Beneficiary (as determined pursuant to Section 1.3), shall be entitled to borrow from or use a Beneficiary's CESA, or any portion thereof, as security for a loan, nor shall a Custodian or any other person or institution engage in any transaction prohibited with respect to CESAs by the Code or other applicable law.

11.2 ASSIGNMENT OF BENEFITS. Except to the extent otherwise required by law, or pursuant to a change in Beneficiary under Section 2.5, none of the amounts held in a CESA on behalf of any Beneficiary, shall be subject to the claims of any of the Beneficiary's, Contributor's or Responsible Individual's creditors nor shall any Contributor, Responsible Individual, Beneficiary or if the Beneficiary is deceased, the applicable Beneficiary have the right to anticipate, sell, pledge, option, encumber or assign any of the benefits, payments or proceeds to which the Beneficiary or if the Beneficiary is deceased, the applicable Beneficiary (as determined pursuant to Section 1.3) may be entitled under the CESA.

11.3 GOVERNING LAW. The CESA is intended to qualify as a Coverdell Education Savings Account under Code Section 530 and shall be governed by and interpreted under the laws of the United States, except that, to the extent not preempted by Federal law, the CESA shall be governed by the laws of New York. To the extent the Internal Revenue Service or a court of competent jurisdiction determines any provision of this CESA to be inconsistent with Code Section 530, such provision shall be deemed invalid but all other provisions hereof shall remain in full force and effect.

11.4 CESA ONLY SOURCE OF BENEFITS. Each Beneficiary shall look solely to the assets of the CESA held on his or her behalf for the payment of any benefits to which he or she is entitled hereunder.

11.5 COMMINGLING. The assets of a CESA will not be commingled with other property except in a common trust fund or common investment fund as permitted by Code Section 530(b)(1)(D).

Morgan Stanley Coverdell Education Savings Account Disclosure Statement

This Disclosure Statement describes the Morgan Stanley Coverdell Education Savings Account (the “CESA”), and the Federal tax rules that apply to it on and after April 7, 2025. The CESA is intended to qualify as a Coverdell Education Savings Account under Section 530 of the Internal Revenue Code (the “Code”). Coverdell Education Savings Accounts were formerly known as Education IRAs. You should carefully review the following information, and discuss it with your tax advisor. You may also want to review IRS Publication 970, Tax Benefits for Education, for further information on CESAs.

Morgan Stanley Smith Barney LLC (“Morgan Stanley”) or an affiliate or successor of Morgan Stanley Smith Barney LLC will act as Custodian of your CESA.

By (i) signing the Adoption Agreement and Client Agreement or attesting to such through forms of electronic attestation acceptable to Morgan Stanley and (ii) making a contribution, you, the “Contributor,” have established the CESA.

Your CESA is governed by the written terms of the CESA Plan document and the Adoption Agreement, both of which are included in this booklet. In case of a conflict between those documents and this Disclosure Statement or any other material describing the Morgan Stanley CESA, the CESA Plan document and the Adoption Agreement will govern.

Please bear in mind when reading the Disclosure Statement that “you” refers to the individual who adopted the CESA and made a contribution (the “Contributor” or the “Responsible Individual”); the “Beneficiary” refers to the individual for whose benefit you are establishing a CESA and “we” or “us” refers to the Custodian.

Capitalized terms used in this Disclosure Statement are defined in either Section XI below or in Article I of the CESA document starting on page 11 of this booklet.

I. Right of Revocation

1. You may adopt a Morgan Stanley CESA by completing and signing an Adoption Agreement and Client Agreement. You have the right to revoke for a period of seven days from the earlier of (a) your establishing the CESA by signing the Adoption Agreement and Client Agreement, or (b) funding the CESA. You may exercise your right to revoke by mailing or personally delivering a written notice of revocation within the seven-day period to Morgan Stanley Retirement Plan Operations, 1300 Thames Street, Baltimore, MD 21231. You will be treated as having revoked your CESA on either (1) the date of the postmark (or if sent by certified or registered mail, the date of certification or registration) if you deposit your written notice in the United States mail in an envelope, or other appropriate wrapper, first class postage prepaid, properly addressed; or (2) the date you deliver your notice to a private delivery service recognized by the Internal Revenue Service (“IRS”) for filing tax returns. This method of determining when you have revoked your CESA, or taken some other action described below, is referred to as the “Postmark Rule.” Your revocation notice shall not be valid unless received by Morgan Stanley, directly or under the Postmark Rule, within the seven-day revocation period.

2. If a material adverse change is made in the Disclosure Statement or the CESA Plan document while you still have the right to

revoke the CESA, we will inform you of the change, and you shall be permitted to revoke the CESA for a period of seven days from the date you receive notice of the change.

3. If you revoke your CESA within the allotted time period, we will return your entire contribution to your Morgan Stanley CESA to you without adjustment for fees, sales commissions, administrative expenses or any fluctuations in market value. Cancellation of your CESA after that point is subject to the normal adjustments for fees, sales commissions, administrative expenses and fluctuations in market value.

II. Establishing a CESA

A. REQUIREMENTS.

A CESA is a custodial or trust account established exclusively for paying Qualified Education Expenses of the designated Beneficiary. Federal tax law requires a CESA to be established by a written agreement between you and a qualified custodian or trustee and meet the following requirements.

1. If you are an individual, you may make an annual contribution to a CESA only if your Modified Adjusted Gross Income (“MAGI”) for the year of the contribution does not exceed the amounts set forth in Section IV(A)(2) below. If you are eligible to make a CESA contribution, your annual contribution must be in cash and cannot exceed \$2,000 for each Beneficiary, reduced under the phase out rules described in Section IV(A)(2). These income-based limits do not apply to rollover contributions discussed in Section V below, nor do they apply to Contributors who are corporations or other entities.

2. Your CESA must be established with a qualified trustee or custodian, such as Morgan Stanley Smith Barney LLC, which is an organization approved by the IRS to act as a custodian of your CESA;

3. CESA funds may not be invested in life insurance contracts, or in collectibles such as art, rugs, antiques, metals, gems, stamps, coins, alcoholic beverages or any other tangible personal property classified by the Secretary of the Treasury or the Secretary’s delegate as a collectible within the meaning of Section 408(m) of the Internal Revenue Code (the “Code”) except for certain coins and bullion described in Code Section 408(m)(3).

4. Except to the extent that the Contributor may change the Beneficiary, the Beneficiary’s interest in the CESA will be nonforfeitable at all times.

5. CESA assets will not be commingled with other property except in a common trust or investment fund.

B. SPECIAL FEATURES OF YOUR MORGAN STANLEY CESA.

1. In addition to the statutory requirements described above, the Morgan Stanley CESA has the following special features:

You or your duly authorized representative will make all investment and distribution decisions until the Beneficiary attains age 21. At that time, the Beneficiary, or the Beneficiary’s duly authorized representative, will make all investment and distribution decisions. You acknowledge and agree that we are authorized without further direction from you to automatically invest any uninvested cash in deposit accounts with Morgan Stanley Bank, N.A., Morgan Stanley Private Bank, National Association or any other banking affiliate of the Custodian, or in any other sweep investment vehicle either specified in an agreement applicable to your Account or otherwise

made available to your Account and disclosed to you, as further described in the Summary of the Bank Deposit Program and the Bank Deposit Program Disclosure Statement applicable to your Account. The Custodian may change the sweep investment vehicle available to the Account at any time with 30 days written notice to you. You further acknowledge that MSSB may with 30 days written notice (i) make changes to these sweep terms; (ii) make changes to the terms and conditions of any available sweep investment; (iii) change, add or delete the products available as a sweep option; (iv) transfer your sweep investment from one sweep product to another. Further information about sweep investment vehicles is contained in the Client Agreement applicable to your account.

2. We will not make any investment decisions with respect to the CESA unless you (or the person authorized to direct investments) enter into a separate written agreement with us or one of our divisions or affiliates which so provides. Absent such a separate written agreement, you (or the person authorized to direct investments) shall direct us with respect to the investment of all contributions and the earnings therefrom. You acknowledge and understand that (a) when Morgan Stanley, its affiliates and its employees provide “investment advice” as defined under the Employee Retirement Income Security Act of 1974, as amended (“ERISA”), and/or Code Section 4975 (collectively, the “Retirement Laws”) regarding an individual retirement account (“IRA”), a Roth IRA, a Coverdell education savings account, a plan covered by ERISA or a plan described in section 4975(e)(1)(A) of the Code (collectively, “Retirement Account”), we are a “fiduciary” under the Retirement Laws; and (b) when we provide investment education, takes orders on an unsolicited basis or otherwise do not provide “investment advice,” we will not be considered a “fiduciary” under the Retirement Laws. For more information regarding our role with respect to a Retirement Account, please visit www.morganstanley.com/disclosures/dol. Investments may be made in publicly traded securities, covered listed options, certain mutual funds, certain unit trusts, money market instruments and funds, certificates of deposit, bank deposits, and certain coins and bullion, provided such investments are available for acquisition in the normal course of Morgan Stanley’s business and have been approved by us for CESA investments. We reserve the right to decline any investment direction regardless of the nature of the security or other property involved in the proposed transaction.

3. We must be notified, in writing on a form or in such other medium as may be approved by us, as to when benefits should be distributed and the manner of payment. Payment options are described in Section VI(C) below.

4. Managed Accounts.

In the event you choose to invest in one or more managed accounts or advisory programs offered by Morgan Stanley at the time you open this CESA, you hereby direct Morgan Stanley to open a separate account for each managed account. You agree that the terms and the conditions of the CESA document, the beneficiary designations, and the Adoption Agreement and Client Agreement shall apply to all such accounts on Morgan Stanley’s books and records.

III. Designating a Beneficiary

1. You may name any individual (including yourself if you otherwise qualify under the Code) to be the Beneficiary whose Qualified

Education Expenses will be paid from the CESA. Annual contributions can be made to the CESA until the date of the Beneficiary’s 18th birthday. Savings for the Beneficiary’s Qualified Education Expenses can be maintained in the CESA until the 30th day after the Beneficiary reaches age 30. These age limits do not apply if the Beneficiary is a Special Needs Beneficiary. The designation of a Beneficiary will be on a form prepared by and acceptable to us or in such other medium as we may approve. Each CESA may have only one Beneficiary. Only an individual can be a Beneficiary.

2. You may name any member of the Beneficiary’s Family as a Contingent Beneficiary of the CESA. The Contingent Beneficiary will become the Beneficiary of the CESA if the Beneficiary dies, disclaims any interest in the CESA or otherwise is disqualified. The Contingent Beneficiary must be less than 30 years old to become the Beneficiary and continue the CESA unless the Contingent Beneficiary is a Special Needs Beneficiary.

3. You may change a Beneficiary or Contingent Beneficiary upon proper written notice to us as long as the new Beneficiary or Contingent Beneficiary is a member of the Beneficiary’s Family, and, except for a Special Needs Beneficiary, is less than 30 years old.

4. If the Beneficiary dies before all amounts in the CESA are distributed, the remaining amounts will be paid to the Contingent Beneficiary, if one was named. Under the Internal Revenue Code, payments must be made within 30 days of the date of death. A Contingent Beneficiary shall become the Beneficiary upon the Beneficiary’s death, and the Contingent Beneficiary’s Qualified Education Expenses may be paid from this CESA if the Beneficiary dies. A change in Beneficiary will not be treated as a distribution from the CESA if the Contingent Beneficiary is a member of the Beneficiary’s Family. If no Contingent Beneficiary was named, or if the Contingent Beneficiary is deceased, or cannot be located, we will pay the CESA balance in accordance with the default beneficiary rules provided under Section 1.3 of the CESA document. A Beneficiary with legal capacity to do so may disclaim all or part of the Beneficiary’s interest in the CESA by giving written notice to us. If we receive a disclaimer, we will operate the CESA as if the Beneficiary had died, unless you name another individual as the Beneficiary.

IV. Contributions

A. ELIGIBILITY, AMOUNTS AND TIMING OF CONTRIBUTIONS.

1. *Eligibility to Make CESA Contributions.* If you are an individual, you may make an annual CESA contribution only if your MAGI is less than \$110,000 (\$220,000 if you are married and file a joint Federal income tax return). These are known as the “Phase Out Amounts.” Corporations and other entities such as trusts may make CESA contributions without regard to their annual income.

2. *Maximum Annual Contribution.* If your MAGI is at or below the Applicable Dollar Amount of \$95,000 (\$190,000 if you are married and file a joint Federal income tax return), your maximum contribution is \$2,000 per year per Beneficiary. If your MAGI falls between your Applicable Dollar Amount and the Phase Out Amount, your maximum annual CESA contribution for each Beneficiary will be reduced below \$2,000 by the same ratio as the amount of the excess of your MAGI over the Applicable Dollar Amount bears to \$15,000 (\$30,000 if you are married and file a joint Federal income

tax return). For example, if you are married, filing jointly and your MAGI is \$202,000, your maximum CESA contribution will be calculated as follows:

Step 1: \$202,000 (MAGI) — \$190,000 (Applicable Dollar Amount)

Step 2: Result of Step 1 (\$12,000)/\$30,000

Step 3: Dividend of Step 2 (.4) x \$2,000

Step 4: \$2,000 — Product of Step 3 (\$800)

Step 5: Result of Step 4 (\$1,200) is the maximum annual contribution.

The maximum annual contribution applies separately to each Beneficiary. In other words, if your joint MAGI is less than \$190,000, you may establish as many CESAs as you wish and contribute \$2,000 to each of them each year as long as the CESAs are for different Beneficiaries (who are all under 18) or Special Needs Beneficiaries of any age.

3. *Time for Making Contributions.* A CESA may be established and contributions made for a taxable year at anytime from the first day of the year until the due date (without extension) of your Federal income tax return for the year (usually April 15). However, in the case of a Beneficiary who is not a Special Needs Beneficiary, no contributions may be made after the date of the Beneficiary's 18th birthday. The date on which your CESA is opened or a contribution is made will be the date on which the Custodian has received both the signed Adoption Agreement and the contribution. If the Adoption Agreement or contribution is sent by mail or private carrier, the date on which the CESA is deemed to have been opened or the contribution deemed to have been made will be determined using the Postmark Rule described in Section I(1) above.

4. You may make a CESA contribution for a Beneficiary in the same year that a contribution to a qualified tuition program (as defined in Code Section 529(b)) is made for the same Beneficiary.

5. *Prohibited Contributions.* No contributions may be made to a CESA other than CESA contributions or rollover contributions from a CESA.

B. TAX TREATMENT OF CESA CONTRIBUTIONS.

CESA contributions are not tax deductible. The earnings in the CESA are not taxed except as discussed in Section VII(B) below.

V. Rollovers and Transfers

A. ROLLOVERS.

1. *Eligibility.* Rollover contributions of amounts paid or distributed from a CESA may be made provided the rollover is contributed to a CESA of either the Beneficiary or a member of the Beneficiary's Family, who is less than 30 years old (unless the Family member will be a Special Needs Beneficiary upon completion of the rollover). The limit on the maximum amount of annual contributions described in Section IV(A) above does not apply to rollover contributions.

2. *Authorization of Rollover.* Generally you, as Contributor or the Responsible Individual, will authorize a rollover unless the Beneficiary has attained age 21 or another individual (who may be the Beneficiary after attaining age 18) has been given that authority in a manner acceptable to us.

3. *Timing and Amount.* A rollover contribution may be made to a Morgan Stanley CESA at any time based on an irrevocable election to make a contribution consisting solely of assets distributed from another CESA as long as they are:

- i. contributed to the Morgan Stanley CESA no later than 60 days after the distribution was received;
- ii. made up only of cash or property received in the distribution which property must be acceptable to Morgan Stanley;
- iii. are not made during the same 12-month period during which another distribution was received and rolled over into this or another CESA for the same Beneficiary or a member of the Beneficiary's Family; and
- iv. the Beneficiary of the Morgan Stanley CESA receiving the rollover contribution is less than 30 years old unless the Beneficiary is a Special Needs Beneficiary.

4. Federal income tax considerations.

- i. Amounts rolled over from one CESA to another CESA of the same Beneficiary (or a member of the Beneficiary's Family) are not subject to Federal income tax if the requirements of Section V(A)(3) above, are met.
- ii. The 10% penalty tax on early distribution imposed by Code Section 530(d)(4) does not apply to the rollover contribution.
- iii. Subsequent distributions made from amounts rolled over into a CESA are subject to the same income tax treatment as any other CESA distribution.

B. MILITARY DEATH GRATUITY.

A survivor beneficiary of a military death gratuity or a payment from Service member's Group Life Insurance ("SGLI") may roll over all or part of the amount received to one or more Coverdell CESAs for the benefit of members of the Beneficiary's Family. Such payments are made to an eligible survivor upon the death of a member of the armed forces. This rollover contribution is not subject to the regular contribution limits discussed above in Section IV(A). The amount the survivor beneficiary rolls over cannot exceed the total survivor benefits received, reduced by contributions from those benefits to a Roth IRA or other Coverdell CESAs. The contribution to a Coverdell CESA from survivor benefits cannot be made later than 1 year after the date on which the gratuity or SGLI payment is received. The amount contributed from the survivor benefits is treated as part of the basis (cost) in the Coverdell CESA, and will not be taxed when distributed. The limit of one rollover per Coverdell CESA during a 12-month period does not apply to a military death gratuity or SGLI payment.

C. DIRECT TRANSFERS.

All or any portion of any CESA maintained with another custodian or trustee on behalf of the Beneficiary or a member of the Beneficiary's Family may be directly transferred to your Morgan Stanley CESA provided the Beneficiary of your CESA has not attained age 30, except for transfers to the CESA of a Special Needs Beneficiary.

D. REDESIGNATION OF BENEFICIARY.

Redesignations of the named Beneficiary are not treated as a distribution if the new Beneficiary is a member of the old Beneficiary's Family. The new Beneficiary must be less than 30 years old unless the new Beneficiary is a Special Needs Beneficiary.

VI. Distributions

A. IN GENERAL.

You (or the Beneficiary, if the Beneficiary has attained age 21) may authorize a distribution of all or any portion of your CESA at any time in the manner set forth in Section VI(B) below. The

amount distributed, the amount of Qualified Education Expenses of a Beneficiary in the year of distribution, and the timing of the distribution will affect the amount, if any, of Federal income or penalty taxes owed because of the distribution. The Federal tax considerations of distributing assets from your CESA are discussed below in Section VII.

B. REQUESTING A DISTRIBUTION.

You may authorize another person, including a Beneficiary who has attained age 18, in a form and manner acceptable to us, to request distributions from this CESA. If you make such an authorization, we will honor it unless we receive written confirmation from you that you have rescinded this authority. We will not be responsible for any distributions made prior to our receipt of such confirmation rescinding this authority.

C. FORM OF DISTRIBUTIONS.

Distributions may be paid from your Morgan Stanley CESA, in cash or in-kind, as follows:

1. In a single lump sum payment;
2. In annual, monthly, or quarterly installments; or
3. Any combination of the above.

The form of distribution may be changed at any time before benefits are completely distributed by filing a new election that is received by Morgan Stanley prior to the desired effective date of the change.

D. PURPOSE OF DISTRIBUTION.

1. It is the intent of the CESA that distributions will be used for the Beneficiary's Qualified Education Expenses described in Section 1.10 of the CESA document. The CESA's description of Qualified Education Expenses is intended to provide a summary of the law's requirements. Morgan Stanley is not responsible for determining whether the expenses of the Beneficiary meet those requirements. You should contact your financial or legal adviser or the educational institution attended by the Beneficiary for further details.

2. The amount of Qualified Education Expenses which may be taken into account to determine whether any part of a CESA distribution is taxable is coordinated with certain other education benefits (see (F) below) and is reduced by Qualified Higher Education Expenses taken into account for purposes of claiming the exclusion, under Code Section 135, of interest from certain U.S. savings bonds from a taxpayer's income.

E. REQUIRED DISTRIBUTIONS.

1. All of the assets of the CESA must be entirely distributed within 30 days after the earlier of the Beneficiary's 30th birthday or the Beneficiary's death unless the Beneficiary is changed as described in V(D) above or, in the event of the Beneficiary's death, the contingent beneficiary is under age 30. Even if the actual distribution occurs more than 30 days after the event described in the preceding sentence, the remaining assets in the CESA are deemed distributed on the 30th day after the event and the taxable portion of the deemed distribution is taxable to the distributee (e.g., Beneficiary or the Beneficiary's estate) in the year that includes the 30th day after the event. Distributions at age 30 are not required for Special Needs Beneficiaries.

2. A rollover or transfer of assets to a CESA established on behalf of a member of the Beneficiary's Family shall be considered a dis-

tribution for this purpose, provided the requirements of Sections V(A)(3), V(B) or V(C) above are met.

F. COORDINATION WITH OTHER EDUCATION BENEFITS.

Distributions from a CESA will be coordinated with distributions from a qualified tuition plan described in Code Section 529 (a "529 plan") and the Hope Scholarship and Lifetime Learning credits described in Code Section 25A. Under current law, a Beneficiary may receive distributions from both CESA and a 529 plan and the Beneficiary or a taxpayer allowed to treat the Beneficiary as a spouse or dependent on the taxpayer's Federal income tax return may claim either or both credits, all for the same taxable year. The only requirement is that the Qualified Education Expenses used to establish the tax-free nature of a distribution or eligibility for a credit not be used to support more than one such education benefit. In other words, the Beneficiary or other taxpayer must allocate the Beneficiary's Qualified Education Expenses to support each tax-free distribution or credit without duplicating or "double counting" an expense. The taxpayer may allocate expenses to benefits in a manner that result in the lowest amount of income tax due. You should consult with your tax advisor to determine if you or your dependent are eligible for more than one education benefit and, if so, how best to allocate expenses among benefits.

VII. Federal Taxation of CESA Distributions

A. TAX-FREE DISTRIBUTIONS.

In general, amounts distributed from a CESA will not be subject to Federal income tax (i.e., such amounts will be excluded from the Beneficiary's gross income) if the entire amount of the distribution does not exceed the Beneficiary's Qualified Education Expenses for the year of the used distribution, reduced by Qualified Education Expenses to support a tax-free distribution from a 529 plan or to claim the Hope Scholarship or Lifetime Learning credit.

B. TAXABLE DISTRIBUTIONS.

1. If amounts distributed from a CESA exceed the Beneficiary's Qualified Education Expenses for the year, earnings allocable to the portion of the distribution that exceeds the Beneficiary's Qualified Education Expenses are taxable to the Beneficiary and also subject to a 10% penalty tax, unless certain exceptions apply (see Section VII(B)(2) below).

The amount of earnings included in any distribution is determined by multiplying the amount distributed by the ratio of all contributions to the CESA to the CESA's balance (just before the distribution) and subtracting the product from the total amount distributed. For example, if a CESA has a total balance of \$10,000 of which \$4,000 are contributions and a distribution of \$2,500 is taken, the earnings included in the distribution are determined as follows:

- Step 1: \$4,000 (total contributions)/\$10,000 (CESA balance)
- Step 2: \$2,500 (amount distributed) x .4 (result of Step 1)
- Step 3: \$2,500 (amount distributed) — \$1,000 (result of Step 2)
- Step 4: \$1,500, the result of Step 3, equals the amount of earnings included in the distribution.

If the amount of the distribution exceeds Beneficiary's Qualified Education Expenses for the year, then a portion of the earnings included in the distribution must be included in the Beneficiary's

income for the year. The taxable portion of the earnings is determined by multiplying the earnings included in the distribution by the ratio of the Qualified Education Expenses to the amount distributed and subtracting the product from the earnings. For example, using the facts above (a distribution of \$2,500 which includes \$1,500 of earnings), if the Beneficiary's Qualified Education Expenses for the year are \$2,000, the portion of the earnings which must be included in the Beneficiary's taxable income for the year is determined as follows.

Step 1: $\$2,000 \text{ (Qualified Education Expenses)} / \$2,500 \text{ (amount distributed)}$

Step 2: $\$1,500 \text{ (earnings distributed)} \times .8 \text{ (result of Step 1)}$

Step 3: $\$1,500 \text{ (earnings distributed)} - \$1,200 \text{ (result of Step 2)}$

Step 4: \$300 (result of Step 3) is included in the Beneficiary's income. \$1,200 (result of Step 2) of earnings are not taxed because this portion of the earnings is deemed to have been used to pay Qualified Education Expenses.

2. A penalty tax of 10% will be applied to the taxable amount determined under (1) above, unless the distribution is:

- i. Made to the Contingent Beneficiary or other Beneficiary (or to the estate of a deceased Beneficiary) on or after the death of the Beneficiary;
- ii. Due to the Beneficiary being Disabled (as defined later);
- iii. Made on account of a scholarship allowance, or other educational allowance payment authorized under Code Section 25A(g)(2), as long as the amount of the payment or distribution is not greater than the scholarship, allowance; or payment; or
- iv. A distribution of excess contributions for a year (over \$2,000 or the lower maximum contribution amount for an individual Contributor whose MAGI exceeds the Applicable Dollar Amount) returned before the first of the sixth month of the tax year following the tax year for which the contribution is made (June 1st for a calendar year taxpayer), as long as such distribution is accompanied by the amount of net income attributable to the excess contributions.
- v. The distribution does not exceed the Beneficiary's Qualified Education Expenses for the year but the Beneficiary elects to waive favorable tax treatment of the CESA distribution in order to allocate Qualified Education Expenses to support a Hope Scholarship or Lifetime Learning Credit or a tax-free distribution from a qualified tuition plan during the same year.

C. OTHER PENALTY TAXES.

1. CESAs are subject to taxation under the prohibited transaction rules of Code Section 4975 if the Contributor or Beneficiary uses the account for any transaction prohibited by Code Sections 408(e)(2) and (4), except that Beneficiaries and Contributors are exempt from the excise tax of Code Section 4975 to the extent that the transaction is deemed a distribution from the CESA to the Beneficiary (See (D) below).

2. CESAs are subject to a 6% excise tax on excess contributions under Code Section 4973 for amounts contributed that exceed \$2,000 for a taxable year (or such lower maximum amount as is permitted for the Contributor) unless the contributions, plus the net income attributable to such, are returned before the first of

the sixth month of the tax year following the tax year for which the contribution is made (June 1st for a calendar year taxpayer).

If an excess amount is contributed in one year and is not withdrawn in later years, the excess amount will be subject to a cumulative 6% tax each year until it has been withdrawn.

The excess contribution may be eliminated in later years if you contribute less than the maximum amount allowable in any year after the excess contribution is made. The portion of the excess contribution equal to your unused current year's contribution will then be treated as a current year contribution.

D. DEEMED DISTRIBUTIONS.

1. If the Contributor or Beneficiary causes a prohibited transaction described in Code Section 4975(c) to occur with respect to a CESA, the CESA will be treated as having been distributed on the first day of the taxable year in which the prohibited transaction occurs. The earnings attributable to the portion of the deemed distribution that exceeds the Beneficiary's Qualified Education Expenses for the year will be taxable for that year. Examples of prohibited transactions are: borrowing from the CESA or "pledging" (guaranteeing) any debt using the assets of the CESA; engaging in a cross trade between your non-CESA brokerage account and your CESA; selling or leasing property to the CESA; or buying or leasing property from the CESA. Such transactions are prohibited if they are between the CESA and you or others with control over the CESA's assets, or any person or entity from which you or such other persons derive a personal benefit; or between the CESA and a business or the entity in which you or those who control the CESA's assets have a 50% or greater interest. The extension of credit between the CESA and the Custodian or any of its subsidiaries is also a prohibited transaction.

2. If all or any portion of the CESA is used as security for a loan, then the portion so used is treated as distributed, and would be included in income if a distribution from the CESA would otherwise have been included in income.

3. If you use CESA assets to acquire collectibles such as artworks, rugs, antiques, metals, gems, stamps, coins, alcoholic beverages or any other tangible personal property classified by the department of the Treasury as a collectible within the meaning of Code Section 408(m), the assets so used will be treated as having been distributed to you in an amount equal to the cost of the collectibles. There is a limited exception to this rule for certain coins and bullion. Please confirm with your Financial Advisor or Private Wealth Advisor whether Morgan Stanley currently permits coins and/or bullion to be held in the CESA.

E. REPORTS TO THE IRS.

1. You will be required to file IRS Form 5329—"Additional Taxes on Qualified Plans (including IRAs) and Other Tax-Favored Accounts" with the IRS for the taxable year during which you maintain a Morgan Stanley CESA and are subject to any of the penalty taxes described in subSection (C) above.

2. The IRS may require other reports from Custodians, Contributors or Beneficiaries of CESAs.

F. INTERNAL REVENUE SERVICE APPROVAL.

As of January 1, 2023, the Internal Revenue Service has not yet established a procedure for submitting Coverdell Education Savings Accounts for approval. Morgan Stanley intends to submit the

Morgan Stanley CESA to the IRS for approval if the IRS establishes such a procedure.

G. ADDITIONAL INFORMATION.

You may obtain further information about the Federal income taxation of the CESA from any District Office of the Internal Revenue Service, or from the IRS website, www.irs.gov. You may want to review IRS Publication 970.

H. STATE TAX RULES.

Some states and localities may have tax rules differing from the Federal rules with respect to CESAs. You should consult your tax advisor in this regard.

VIII. Federal Estate and Gift Tax Rules

1. The following is a brief summary of the Federal estate and gift tax consequences of CESAs. You should consult your tax advisor about these matters before setting up a CESA.

Generally, contributions to a CESA will be treated as a completed gift to the Beneficiary of a present interest in property at the time of the contribution. Annual contributions are eligible for the gift tax exclusion (generally \$19,000, or \$38,000 from a consenting married couple for 2025, adjusted in future years for inflation) under Code Section 2503(b). Contributions to a CESA are not eligible for the educational expense exclusion of Code Section 2503(e).

2. If a Contributor's aggregate contributions to both CESAs and qualified tuition plans ("529 plans") for the same Beneficiary for a single year are greater than \$19,000 (\$38,000 in the case of a consenting married couple) for 2025, the Contributor may for purposes of the gift-tax exclusion, elect to treat the aggregate contributions, up to \$95,000 (\$190,000 in the case of a consenting married couple) for 2025, as having been made rateably over a 5-year period starting with the year for which contributions are made. However, if the Contributor dies before the 5-year period has elapsed, the portion of the aggregate contributions allocable to years remaining in the 5-year period would be includible in the Contributor's estate for estate tax purposes.

3. Transfers due to a change in the designated Beneficiary of the CESA, or rollovers to the account of a new Beneficiary, will be treated as a taxable gift from the old Beneficiary to the new Beneficiary (to the extent the value of the assets transferred exceeds the gift tax exclusion) only if the new Beneficiary is a generation below the old Beneficiary (within the meaning of Code Section 2651).

4. Distributions from a CESA are not treated as a taxable gift.

5. For estate tax purposes, the value of any interest in any CESA will be includible in the estate of the Beneficiary unless it passes to a Contingent Beneficiary who is (a) a member of the decedent's family and (b) younger than age 30 or a Special Needs Beneficiary. Such interests are not included in the estate of the Contributor except as provided in (2) above.

IX. Client Agreement and Arbitration

The brokerage account components of your CESA are subject to the terms and conditions contained in the Client Agreement with Morgan Stanley, which include, among other requirements (e.g., Patriot Act disclosures) a pre-dispute arbitration provision. Any

claims or controversies are subject to an arbitration clause as set forth in the Client Agreement.

X. Additional Financial Information

(A) ACCOUNT MAINTENANCE AND OTHER FEES.

A Fee Schedule is provided in Section XII of this Disclosure Statement, listing and describing the account and other fees that may be assessed against the CESA.

(B) CERTAIN COMPENSATION EARNED BY MORGAN STANLEY AND ITS AFFILIATES.

(1) Float: Morgan Stanley may retain, as compensation for the performance of services, your Account's proportionate share of any interest earned on aggregate cash balances held by Morgan Stanley with respect to "assets awaiting investment or other processing." This amount, known as "float," is earned by us through investment in overnight cash deposits and highly liquid securities (e.g., U.S. government obligations), with the amount of such earnings retained by us, due to the short-term nature of the investments, being generally at the prevailing overnight interest rate applicable to these investments. This rate averaged approximately five hundred fourteen basis points during the 12 months ended December 31, 2024, but please note that due to market fluctuations the rate will change – please contact your Financial Advisor or Private Wealth Advisor for more current information. "Assets awaiting investment or other processing" for these purposes includes, to the degree applicable: (i) new deposits to the Account, including interest and dividends; (ii) any uninvested assets held by the Account caused by an instruction to purchase or sell securities (which may, after the period described below, be automatically swept into a sweep vehicle); (iii) assets held in the Plan Account (where applicable); and (iv) withdrawals from the Account, to the degree checkwriting privileges may be offered to the Plan. With respect to assets awaiting investment or other processing: (i) where such assets are received by Morgan Stanley on a day on which the New York Stock Exchange and/or the Federal Reserve Banks are open ("Business Day"), float shall generally be earned by us through the end of that Business Day (known as the "Sweep Date"), with the client credited interest/dividends in such funds as of the next Business Day following the Sweep Date; or (ii) where such assets are received on a Business Day that is not followed by another Business Day, or on a day which is not a Business Day, float shall generally be earned by us through the end of the next Business Day. Delays in providing investment instruction could result in increased compensation in the form of float. Please note, however, that uninvested cash typically does not await sweep for more than one day and Morgan Stanley does not invest, and therefore does not earn interest on, all uninvested client cash. Where Morgan Stanley facilitates a distribution from the Account, Morgan Stanley earns float on money set aside for payment of outstanding but uncashed checks, generally from the date on the face of the checks until the date that either the recipient cashes the check or the check is cancelled and the underlying funds are returned to the Account.

For example: If \$10,000 is deposited into a Morgan Stanley Account and those funds are awaiting investment (i.e., the funds are not swept into the Morgan Stanley Bank Deposit Program, a

money market fund or otherwise invested), Morgan Stanley may earn interest or “float” on the funds (as further described above). Assuming the interest rate is 5.01% Morgan Stanley would earn approximately 1.43 dollars per day ($\$10,000 \times 5.14\% / 360 = \1.43).

(2) Payment for Order Flow and other Routing Arrangements and Use of Electronic Communication Networks and Alternative Trading Systems.

Morgan Stanley is committed to providing the best execution for customers’ orders. In furtherance of this commitment, Morgan Stanley considers several factors, including price, the available liquidity pool, execution speed, transaction costs, service and opportunities for price improvement in determining where to route customer orders for execution.

Industry regulations require that we disclose whether we receive compensation for directing client orders for execution to various dealers, national securities exchanges, alternative trading systems (“ATSS”), including electronic communications networks (“ECNs”), and other market centers. This compensation is commonly referred to as “payment for order flow.”

Morgan Stanley, either directly or indirectly, may route customer equity orders to national securities exchanges, ATSS, including ECNs, and other market centers, including its affiliate Morgan Stanley & Co. LLC (“Morgan Stanley & Co.”). Certain market centers offer cash credits for orders that provide liquidity to their books and charge explicit fees for orders that extract liquidity from their books (and certain market centers invert this practice). From time to time, the amount of credits that Morgan Stanley receives from one or more such market centers may exceed the amount Morgan Stanley is charged. Morgan Stanley receives the benefit of these credits, either directly or indirectly, and such payments constitute payment for order flow. Morgan Stanley may also receive incremental pricing benefits from exchanges and/or ECNs if certain volume thresholds are met.

In addition, Morgan Stanley & Co. may route certain customer orders (including orders for fixed income securities, preferred shares and convertible bonds) to Morgan Stanley & Co. on behalf of Morgan Stanley. These arrangements between Morgan Stanley & Co. and Morgan Stanley are intended to facilitate trade execution for our customers, with apportionment of resulting expenses and revenue from the trading activity between Morgan Stanley and Morgan Stanley & Co. Morgan Stanley & Co. participates in Exchange-sponsored listed option payment for order flow programs and accepts payment for order flow for certain listed option orders. In the course of providing liquidity, Morgan Stanley & Co. may preference certain option orders to Morgan Stanley & Co.’s options market maker, or third-party market makers for execution.

Morgan Stanley and/or its affiliates have ownership interests in and/or Board seats on ECNs or other ATSS. In certain instances, Morgan Stanley and/or its affiliates may be deemed to control one or more of such ECNs or ATSS based on the level of such ownership interests and whether Morgan Stanley and/or its affiliates are represented on the Board of such ECNs or ATSS. Morgan Stanley and/or its affiliates may from time to time, directly or indirectly, effect client trades through ECNs or other ATSS in which Morgan Stanley and/or its affiliates have or may acquire an interest or Board seat, and

Morgan Stanley and/or its affiliates may thereby receive an indirect economic benefit based upon their ownership in the ECNs or other ATSS. Morgan Stanley and/or its affiliates will, directly or indirectly, execute through an ECN or other ATS in which it has an interest only in situations where Morgan Stanley and/or its affiliates, or the broker-dealer through whom they are accessing the ECN or ATS, reasonably believes such transaction will be in the best interest of its clients and the requirements of applicable law have been satisfied.

As noted above, Morgan Stanley, subject at all times to its obligations to obtain best execution for its customers’ orders, will route certain customer order flow to Morgan Stanley & Co. Furthermore, as of December 2022, Morgan Stanley and/or its affiliates own an interest in certain ECNs or ATSS, including: (i) National Stock Exchange of India; (ii) Miami International Holdings Inc.; (iii) Equilend; (iv) Euroclear Holding SA/NV; (v) LCH Group Holdings Limited (Clearing); (vi) CME; (vii) ICE US Holding Company, LP; (viii) OTCDeriv Limited; (ix) TIFFE – Tokyo Financial Futures Exchange; (x) iSWAP Limited; (xi) EOS Precious Metals Limited; (xii) Creditderiv Limited; (xiii) FXGlobalClear; (xiv) Japan Securities Clearing Corporation; (xv) CME/CBOT/NYMEX; (xvi) Dubai Mercantile Exchange; (xvii) Intercontinental Exchange; (xviii) Bombay Stock Exchange; (xix) Japan Securities Depository Center Inc.; (xx) MEMX Holdings LLC; (xxi) LCH.Clearnet Group LTD; (xxii) The Depository Trust and Clearing Corporation; (xxiii) Copeland Markets LLC; (xxiv) Yensai. com Co., Ltd; and (xxv) Octaura Holdings LLC.

You understand and acknowledge that Morgan Stanley may effect trades on behalf of client accounts through ECNs, ATSS and similar execution systems and trading venues (collectively, “Trading Systems”), including Trading Systems in which Morgan Stanley and/or its affiliates may have a direct or indirect ownership interest. In addition, you understand and agree that, subject at all times to its obligations to obtain best execution for its customers’ orders, Morgan Stanley will route certain customer order flow to its affiliates, and that, Morgan Stanley and/or its affiliates own an interest in certain ECNs or ATSS as listed above. The ECNs and ATSS on which Morgan Stanley trades for client accounts and in which Morgan Stanley and/or its affiliates own interests may change from time to time. You may contact Morgan Stanley for an up-to-date list of ECNs and ATSS in which Morgan Stanley and/or its affiliates own interests. You hereby authorize Morgan Stanley to effect trades on behalf of your account(s) through all such Trading Systems, affiliated and unaffiliated, and all such other Trading Systems through which Morgan Stanley may determine to trade in the future. You further acknowledge that the Adoption Agreement, along with this Disclosure Statement, shall constitute the requisite authorization and notice of Morgan Stanley’s intent to trade through all such Trading Systems, pursuant to section 408(b)(16) of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”) and/or section 4975(d) (19) of the Internal Revenue Code of 1986, as amended (“Code”).

Notwithstanding the foregoing, Morgan Stanley regularly and rigorously monitors the quality of the executions provided by all market centers to which customer orders are routed to ensure those market centers are providing the best execution reasonably available under the circumstances.

Additional information regarding these disclosures will be provided upon written request and certain order routing information is available online at <http://www.morganstanley.com/wealth-disclosures/disclosures>.

On request of a customer, Morgan Stanley will disclose to such customer the identity of the venue to which such customer's orders were routed for execution in the six months prior to the request, whether the orders were directed orders or non-directed orders, and the time of the transactions, if any, that resulted from such orders as well as other customer specific order routing and execution information that is required by SEC Rule 606(b)(3).

XI. Definitions

Any capitalized term used in this Disclosure Statement, which is not defined in the text when the term first appears, shall have the meaning set forth below. Any capitalized term used but not defined in this Disclosure Statement shall have the meaning given to it in Article I of the Morgan Stanley CESA document on page 2 of this booklet. Terms defined in that document include "Adoption Agreement," "MAGI," "Beneficiary," "Contributor," "Family," "Qualified Education Expenses," "Qualified Higher Education Expenses," "Responsible Individual" and "Special Needs Beneficiary."

"Disabled" shall mean unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or be of long continued and indefinite duration. Under Code Section 72(m) (7), you must, if requested by the IRS, be able to furnish proof of disability in a form and manner acceptable to the IRS.

XII. CESA Fee Schedule

This Fee Schedule is part of the Morgan Stanley CESA Plan Document, but may be supplemented or changed upon notification to the Participant in accordance with Article X of the CESA Plan document.

(A) ACCOUNT FEES:

Fee Description	All eDelivery Standard	
	Fee*	Fee
Annual Maintenance Fee per Account	\$50	\$70
Termination Fee per Account	\$125	\$125
Account Transfer Fee per Account	\$125**	\$125**

Note: in the event that both the termination and transfer fees apply, only the transfer fee will be assessed.

* Read Section (C) eDelivery Discounted IRA Annual Maintenance Fee for eligibility requirements.

** For Morgan Stanley Virtual Advisor accounts, the Account Transfer Fee per Account is \$95.

(B) DESCRIPTION OF FEES:

(1) Maintenance Fees: The annual maintenance fee will be charged for any calendar year or portion of any calendar year during which you have a CESA with us. Maintenance fees are due and payable on the following dates: (a) on or about the 10th business day following a 90 calendar day grace period after you open your CESA, regardless of account balance; (b) for subsequent years, annual maintenance fees will be due on or after the 10th business day of the quarter ending month on or after your account's anniversary

month (if your CESA remains open on that date); and (c) the day you terminate or transfer your CESA.

The first year's maintenance fee, due when you establish your CESA, will be debited from your CESA. Subsequently, your annual maintenance fee will be automatically debited from the CESA unless you elect in writing one of the following methods: (i) payment by means of a check made payable to Morgan Stanley or (ii) transfer of funds from another eligible Morgan Stanley non-retirement/non-CESA account (if possible) and, in the event payment is not made sooner under one of these two elections, the annual maintenance fees will be automatically debited from the CESA on or after the 10th business day of the quarter-ending month on or after your account's anniversary month (if your CESA remains open on that date). The maintenance fee that may be due upon the termination or transfer of your account will be automatically debited from your CESA account. To effect the payment of fees from an account when the fees are automatically debited, Morgan Stanley will liquidate assets in accordance with Section 6.3(f) of the Morgan Stanley CESA Plan document.

(2) Termination/Transfer Fees: Account termination or transfer fees are charged when your CESA is closed. Termination fees are not charged if the account is distributed in any year following the Beneficiary's disability or death. The Account Transfer Fee will be imposed when all account assets are transferred from your Morgan Stanley CESA to another financial institution. In the event that both the termination and transfer fees would apply, only the transfer fee will be assessed.

(3) Brokerage/Advisory/Transaction Expenses: For brokerage activity, we offer transaction-based pricing in which you pay commissions, sales loads, markups/markdowns or other fees for each transaction you and your Financial Advisor execute. You can conduct transaction-based business in virtually all financial products and services within a Morgan Stanley CESA. Please contact your Financial Advisor or Private Wealth Advisor about the fees connected to a particular brokerage transaction before you direct us to execute the transaction. The amount of any advisory or Managed Account fees will be as set forth in the applicable Managed Account agreement.

(C) eDelivery DISCOUNTED IRA ANNUAL MAINTENANCE FEE: eDelivery means that you will receive your documents in an electronic format that you can access via our secure website Morgan Stanley Online. eDelivery eliminates paper and makes the documents viewable as soon as they are available.

- Accounts enrolled in eDelivery of all eligible account documents for every account within their Account Linked Group will receive a discounted IRA annual maintenance fee.
- All eligible accounts within your Account Link Group must be enrolled in eDelivery – contact your Financial Advisor or Private Wealth Advisor to discuss account linking requirements.
- Account linking enables multiple accounts to be grouped together for the purpose of consolidating client correspondence mailings, as well as consolidating accounts viewed via Morgan Stanley Online.
- A Morgan Stanley Online account is required to enroll in eDelivery of documents. To enroll in eDelivery, please go to www.morganstanley.com/edelivery

- More information regarding eDelivery (including eligible documents) is available in the Important Account Information for Full Service Accounts booklet and in the Account and Service fee guide available at http://www.morganstanley.com/wealth-relationshipwithms/pdfs/account_and_service_fees.pdf?v=1

(D) LOW BALANCE HOUSEHOLD FEE:

A Low Balance Household Fee will be charged quarterly to Morgan Stanley households* that do not meet certain criteria. Morgan Stanley reserves the right to waive this fee, as described in (E) below. For more information on this fee please review the Account

* A household comprises one or more eligible account(s) formally grouped under one individual designated as the Head of Household. Certain accounts can be included in the household if the account owner qualifies, based on his/her familial relationship to the Head of Household. Contact your Financial Advisor or Private Wealth Advisor for more information regarding householding.

and Service Fee guide available at http://www.morganstanley.com/wealth-relationshipwithms/pdfs/account_and_service_fees.pdf?v=1.

(E) FEE WAIVERS:

Morgan Stanley may, in its sole discretion, elect to discount or waive certain fees, including but not limited to CESA account fees, for certain customers. Morgan Stanley reserves the right to amend when fees are due and payable. To learn about the availability of any fee discounts or waivers, please contact your Morgan Stanley Financial Advisor or Private Wealth Advisor.

(F) OTHER COMPENSATION/CHARGES:

Certain compensation earned by Morgan Stanley in connection with your account(s) is described elsewhere in your new account opening materials. Please ask your Financial Advisor or Private Wealth Advisor about such compensation and for information about other fees that may apply to your CESA relating to services that are now or may be offered in the future.

Tax laws are complex and subject to change. Morgan Stanley Smith Barney LLC ("Morgan Stanley"), its affiliates and Morgan Stanley Financial Advisors and Private Wealth Advisors do not provide tax or legal advice and are not "fiduciaries" (under the Internal Revenue Code or otherwise) with respect to the services or activities described herein except as otherwise provided in writing by Morgan Stanley and/or as described at www.morganstanley.com/disclosures/dol. Individuals are encouraged to consult their tax and legal advisors regarding any potential tax and related consequences of any investments made under a CESA.



TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

JAN 27 2010

Morgan Stanley Smith Barney LLC
2000 Westchester Avenue
Purchase, New York 10577

Employer Identification Number: 26-4310844

Ladies and Gentlemen:

In a letter dated October 1, 2009, and as supplemented by letters dated November 30, 2009, and January 4 and 8, 2010, your authorized representative requested a written Notice of Approval that Morgan Stanley Smith Barney LLC may act as a passive or non-passive nonbank custodian of medical savings accounts established under section 220 of the Internal Revenue Code and health savings accounts described in section 223, passive or non-passive nonbank custodian of plans qualified under section 401 and accounts described in section 403(b)(7), passive or non-passive nonbank custodian for individual retirement accounts (IRAs) established under sections 408, and 408A (dealing with Roth IRAs), passive or non-passive nonbank custodian of Coverdell education savings accounts established under section 530, and as a passive or non-passive nonbank custodian of eligible deferred compensation plans described in section 457(b).

Section 220(d)(1)(B) of the Code (dealing with Archer MSAs (medical savings accounts)) provides, in pertinent part, that the trustee of a medical savings account must be a bank (as defined in section 408(n)), an insurance company (as defined in section 816), or another person who demonstrates to the satisfaction of the Secretary that the manner in which such person will administer the trust will be consistent with the requirements of this section. Q & A-10 of Notice 96-53, 1996-2 C.B. 219 provides, in pertinent part, that persons other than banks, insurance companies, or previously approved IRA trustees or custodians may request approval to be a trustee or custodian in accordance with the procedures set forth in section 1.408-2(e) of the Income Tax Regulations.

Section 223(d)(1)(B) of the Code provides, in pertinent part, that the trustee of a health savings account must be a bank (as defined in section 408(n)), an insurance company (as defined in section 816), or another person who demonstrates to the satisfaction of the Secretary that the manner in which such person will administer the trust will be consistent with the requirements of this section. Section 223(d)(4)(E) provides, in general, that rules similar to section 408(h) (dealing with custodial accounts) also apply to health savings accounts.

Morgan Stanley Smith Barney LLC

Section 401(f)(1) of the Code provides that a custodial account shall be treated as a qualified trust under this section if such custodial account would, except for the fact it is not a trust, constitute a qualified trust under this section. Section 401(f)(2) provides that the custodian must be a bank (as defined in section 408(n)) or another person who demonstrates to the satisfaction of the Secretary that the manner in which such other person will hold the assets will be consistent with the requirements of section 401 of the Code. Section 401(f) also provides that in the case of a custodial account treated as a qualified trust, the person holding the assets of such account shall be treated as the trustee thereof.

Section 403(b)(7)(A) of the Code requires, in part, that for amounts paid by an employer to a custodial account to be treated as amounts contributed to an annuity contract for his employee, the custodial account must satisfy the requirements of section 401(f)(2). That section also requires, in order for the amounts paid by an employer to be treated as amounts contributed to an annuity contract for his employee, that the amounts are to be invested in regulated investment company stock to be held in the custodial account, and under the custodial account no such amounts may be paid or made available to any distributee before the employee dies, attains age 59 1/2, has a severance from employment, becomes disabled (within the meaning of section 72(m)(7)), or in the case of contributions made pursuant to a salary reduction agreement (within the meaning of section 3121(a)(5)(D)), encounters financial hardship.

Section 408(a)(2) of the Code requires that the trustee of an IRA be a bank (as defined in section 408(n) of the Code) or such other person who demonstrates to the satisfaction of the Secretary that the manner in which such other person will administer the IRA will be consistent with the requirements of section 408.

Section 408(h) of the Code provides that a custodial account shall be treated as a trust under this section if the assets of such account are held by a bank (as defined in subsection (n)) or another person who demonstrates to the satisfaction of the Secretary that the manner in which such other person will administer the account will be consistent with the requirements of this section, and if the custodial account would, except for the fact that it is not a trust, constitute an IRA described in subsection (a). Section 408(h) also provides that, in the case of a custodial account treated as a trust by reason of the preceding sentence, the custodian of such account shall be treated as the trustee thereof.

Section 408A of the Code provides, in general, that a Roth IRA shall be treated in the same manner as an individual retirement plan. Section 7701(a)(37)(A) defines an individual retirement plan as an individual retirement account described in section 408.

Section 530(b)(1)(B) of the Code (dealing with Coverdell education savings accounts) requires that the trustee of such an account be a bank (as defined in section 408(n)) or another person who demonstrates to the satisfaction of the Secretary that the manner in

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which that person will administer the trust will be consistent with the requirements of this section or who has so demonstrated with respect to any individual retirement plan.

Section 530(g) of the Code (dealing with Coverdell education savings accounts) provides that a custodial account shall be treated as a trust if the assets of such account are held by a bank (as defined in section 408(n)) or another person who demonstrates, to the satisfaction of the Secretary, that the manner in which he will administer the account will be consistent with the requirements of this section, and if the custodial account would, except for the fact that it is not a trust, constitute an account described in subsection (b)(1). For purposes of title 26 [the Internal Revenue Code], in the case of a custodial account treated as a trust by reason of the preceding sentence, the custodian of such account shall be treated as the trustee thereof.

Section VII of Notice 98-8, 1998-1 C.B. 355 (guidance relating to the requirements applicable to eligible deferred compensation plans described in section 457(b) of the Code), provides, in pertinent part, that for purposes of the trust requirements of section 457(g)(1), a custodial account will be treated as a trust if the custodian is a bank, as described in section 408(n), or a person who meets the nonbank trustee requirements of section VIII of this notice, and the account meets the requirements of section VI of this notice, other than the requirement that it be a trust. Section VIII provides that the custodian of a custodial account may be a person other than a bank only if the person demonstrates to the satisfaction of the Commissioner that the manner in which the person will administer the custodial account will be consistent with the requirements of sections 457(g)(1) and (g)(3) of the Code. To do so, the person must demonstrate that the requirements of paragraphs (2)-(6) of section 1.408-2(e) of the regulations relating to nonbank trustees will be met.

The Income Tax Regulations at section 1.408-2(e) contain the requirements that such other person must comply with in order to act as trustee or custodian, for purposes of sections 220, 223, 401(f), 403(b)(7), 408(a)(2), 408(h), 408(q), 408A, 457(b) and 530 of the Code. One of the requirements of section 1.408-2(e) states that such person must file a written application with the Commissioner demonstrating, as set forth in that section, its ability to act as a trustee or custodian.

Based on all the information submitted to this office and all the representations made in the application, we have concluded that Morgan Stanley Smith Barney LLC meets the requirements of section 1.408-2(e) of the regulations and, therefore, is approved to act as a passive or non-passive nonbank custodian of medical savings accounts established under section 220 of the Internal Revenue Code and health savings accounts described in section 223, passive or non-passive nonbank custodian of plans qualified under section 401 and accounts described in section 403(b)(7), passive or non-passive nonbank custodian for individual retirement accounts (IRAs) established under sections 408, and 408A (dealing with Roth IRAs), passive or non-passive nonbank custodian of Coverdell education savings accounts established under section

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530, and as a passive or non-passive nonbank custodian of eligible deferred compensation plans described in section 457(b).

This Notice of Approval authorizes Morgan Stanley Smith Barney LLC to act as a passive or non-passive nonbank custodian. When Morgan Stanley Smith Barney LLC acts as a passive nonbank custodian (within the meaning of section 1.408-2(e)(6)(i)(A) of the regulations), it is authorized only to acquire and hold particular investments specified by the custodial agreement. It may not act as a passive custodian if under the written custodial agreement it has discretion to direct investments of the custodial funds.

This Notice of Approval authorizes Morgan Stanley Smith Barney LLC to pool the accounts for which it acts as a non-passive custodian in a common investment fund within the meaning of section 1.408-2(e)(5)(viii)(C) of the regulations. Morgan Stanley Smith Barney LLC may not act as a custodian unless it undertakes to act only under custodial agreements that contain a provision to the effect that the grantor is to substitute another trustee or custodian upon notification by the Commissioner that such substitution is required because Morgan Stanley Smith Barney LLC has failed to comply with the requirements of section 1.408-2(e) of the regulations or is not keeping such records, or making such returns or rendering such statements as are required by forms or regulations. For example, one such form is Form 990-T for IRAs that have \$1000 or more of unrelated business taxable income that is subject to tax by section 511(b)(1) of the Code.

Morgan Stanley Smith Barney LLC is required to notify the Commissioner of Internal Revenue, Attn: SE:T:EP:RA, Internal Revenue Service, Washington, D.C. 20224, in writing, of any change which affects the continuing accuracy of any representations made in its application. Further, the continued approval of Morgan Stanley Smith Barney LLC to act as a passive or non-passive nonbank custodian of medical savings accounts established under section 220 of the Internal Revenue Code and health savings accounts described in section 223, passive or non-passive nonbank custodian of plans qualified under section 401 and accounts described in section 403(b)(7), passive or non-passive nonbank custodian for individual retirement accounts (IRAs) established under sections 408, and 408A (dealing with Roth IRAs), passive or non-passive nonbank custodian of Coverdell education savings accounts established under section 530, and as a passive or non-passive nonbank custodian of eligible deferred compensation plans described in section 457(b) is contingent upon the continued satisfaction of the criteria set forth in section 1.408-2(e) of the regulations.

This Notice of Approval is not transferable to any other entity. An entity that is a member of a controlled group of corporations, within the meaning of section 1563(a) of the Code, may not rely on a Notice of Approval issued to another member of the same controlled group. Furthermore, any entity that goes through an acquisition, merger, consolidation or other type of reorganization may not necessarily be able to rely on the Notice of Approval issued to such entity prior to the acquisition, merger, consolidation or

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other type of reorganization. Such entity may have to apply for a new Notice of Approval in accordance with section 1.408-2(e) of the regulations.

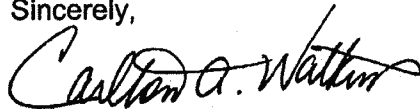
This Notice of Approval constitutes a notice that Morgan Stanley Smith Barney LLC may act as a passive or non-passive nonbank custodian of medical savings accounts established under section 220 of the Internal Revenue Code and health savings accounts described in section 223, passive or non-passive nonbank custodian of plans qualified under section 401 and accounts described in section 403(b)(7), passive or non-passive nonbank custodian for individual retirement accounts (IRAs) established under sections 408, and 408A (dealing with Roth IRAs), passive or non-passive nonbank custodian of Coverdell education savings accounts established under section 530, and as a passive or non-passive nonbank custodian of eligible deferred compensation plans described in section 457(b) and does not bear upon its capacity to act as a custodian under any other applicable law. This is not an endorsement of any investment. The Internal Revenue Service does not review or approve investments.

This Notice of Approval is effective as of the date of this notice and will remain in effect until withdrawn by Morgan Stanley Smith Barney LLC or revoked by the Service. This Notice of Approval does not authorize Morgan Stanley Smith Barney LLC to accept any fiduciary account before this notice becomes effective.

In accordance with the power of attorney on file in this office, a copy of this notice is being sent to your authorized representative.

If you have any questions, please contact Mr. Ernest L. Tichenor (Badge No. 50-37980) at (202) 283-9571.

Sincerely,



Carlton A. Watkins, Manager
Employee Plans Technical Group 1