

UK Intermediary Due Diligence Questionnaire

Important information : In accordance with Morgan Stanley's internal policy, we undertake due diligence as part of the on-boarding process for intermediaries interested in distributing structured products issued by entities of the Morgan Stanley group.

For this purpose, please return to us (address details on Intermediary Agreement):

- (i) A completed and signed copy of the below Due Diligence Questionnaire, and
- (ii) A completed and signed copy of the Intermediary Agreement, annexed hereto

Please note that the Due Diligence Questionnaire does not form part of the terms of the Intermediary Agreement and will be subject to periodical review. We may contact you if any of the information you provide is unclear or incomplete.

1. QUESTIONNAIRE COMPLETION

| DDQ COMPLETED BY: | |
|-------------------|--|
| Name: | |
| Position: | |
| Date: | |
| Signature: | |

2. INTERMEDIARY DETAILS

| | |
|--|--|
| Legal company name: | |
| Main contact name, email address & phone number: | |

3. REGULATORY DETAILS

| | |
|---|--|
| 3.1. Regulatory details: | FCA number: _____ Regulated since: : ___/___/_____ |
| 3.2. Relevant Authorised Activities: <i>(Tick all that apply)</i> | <input type="checkbox"/> Execution only <input type="checkbox"/> Investment advice <input type="checkbox"/> Discretionary asset management |
| APPLICABLE TO UK AUTHORISED FIRMS ONLY: | |
| 3.3. Are all Registered Individuals qualified to Level 4? | <input type="checkbox"/> YES <input type="checkbox"/> NO |

4. DISTRIBUTION MODEL

| | |
|--|---|
| <p>4.1. Describe the client base to which you intend to distribute Morgan Stanley products:</p> <p>(Tick all that apply)</p> | <p><input type="checkbox"/> Retail investors (i.e. Retail clients who are neither sophisticated investors nor high net worth individuals; Investors of ordinary means and experience.)</p> <p><input type="checkbox"/> High Net Worth individuals (i.e. private investors with annual income >£100,000 or net assets > £250,000.)</p> <p><input type="checkbox"/> Other- please specify:</p> <hr/> |
|--|---|

5. SALES PRACTICES, KYC AND INTERNAL PROCESSES

MARKETING

5.1. **Marketing materials:** do you intend to create your own marketing materials to market Morgan Stanley products? Yes No

| | |
|---|-------------|
| 5.2. Approximately what percentage of your advisory / investment business relates to structured products? | _____ % |
| 5.3. How long have you been advising on or distributing structured products? | _____ years |

6. REGULATORY INVESTIGATIONS & COMPLAINTS

| | |
|---|---|
| <p>6.1. Have there been any regulatory investigations, sanctions, fines or warnings against either your firm or any of your principals in the last 10 years?</p> <p>Please provide details of any complaints regarding structured products or mis-selling over the last 5 years?</p> | <p><input type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>If YES, please provide details of any:</p> <p>REGULATORY INVESTIGATIONS/SANCTIONS/FINES/WARNINGS</p> <hr/> <hr/> <hr/> <p>COMPLAINTS ABOUT STRUCTURED PRODUCTS OR MIS-SELLING:</p> <hr/> <hr/> <hr/> |
| <p>6.2. Is your compliance function:</p> | <p><input type="checkbox"/> In house</p> <p><input type="checkbox"/> Outsourced</p> <p>Please provide contact details:</p> <p>Compliance Officer Name: _____</p> <p>Contact tel.: _____</p> <p>E-mail: _____</p> |

INTERMEDIARY AGREEMENT

This Agreement (the “**Agreement**”) is dated
and made between:

2014

(1) MORGAN STANLEY & CO. INTERNATIONAL PLC of 25 Cabot Square, London, E14 4QA (the “**Company**”);
and

(2) [*name of intermediary*]:

of

[*address*]:

(the “**Intermediary**”).

WHEREAS:

The Company wishes to use the Intermediary to seek investment from Clients in its Plans and this Agreement sets out the terms upon which any business between the Parties to this Agreement will be transacted.

IT IS NOW THEREFORE AGREED AS FOLLOWS:

1. Definitions & Interpretation

1.1. In this Agreement, the following words and expression shall have the following meaning, unless stated otherwise:

“**Act**” means the Financial Services and Markets Act 2000 and any regulations made thereunder.

“**Advised Transaction**” means an investment in a Plan by a Client where the Intermediary provides a Personal Recommendation to that Client in relation to that Plan.

“**Adviser Charge**” any form of charge payable by or on behalf of a Client to an Intermediary in relation to the provision of a Personal Recommendation by the Intermediary (or any related service provided by the Intermediary) in respect of a Plan.

“**Application Form**” means the application form relating to the relevant Plan.

“**Cancellation Rules**” means Chapter 15 of COBS, together with any other applicable laws or regulation under which Clients may be entitled to cancel an investment in a Plan.

“**Client**” means the person on whose behalf the Intermediary arranges or proposes to arrange an investment in a Plan, i.e. a person considering an investment in a Plan and who has been made aware of the Plan as a result of action taken by the Intermediary and/or a person who has already applied for an investment in a Plan.

“**Client Money Account**” means a bank account which meets the requirements of the Client Money Rules.

“**Client Money Rules**” means Chapters 4 and 7 of the Client Assets Sourcebook forming part of the Rules.

“**COBS**” means the Conduct of Business Sourcebook, forming part of the Rules.

“**Customer**” means a client of the Intermediary for whom the Intermediary arranges an investment in a Plan through the Nominee.

"Due Diligence Questionnaire" means the document information, a form of which is also available from retailuk@morganstanley.com, that the Company deems relevant for the purposes of conducting an initial screening of the type of activities, regulatory authorisation and good standing of the Intermediary;

"Eligible Counterparty" has the meaning given to it in the Rules.

"Execution-Only Transaction" means where the Intermediary receives and transmits orders to be executed solely on an execution-only basis which, for the avoidance of doubt, is where the Intermediary does not provide a Personal Recommendation to a Client in relation to a Plan.

"FCA" means the Financial Conduct Authority of the United Kingdom, its agents or any successor regulatory authority or authorities carrying out all or any part of the functions of the FCA applicable to the business to which this Agreement relates.

"ISA" an Individual Savings Account under the Individual Savings Account Regulations 1998.

"MiFID" means the European Markets in Financial Instruments Directive (2004/39/EC).

"Money Laundering Requirements" means the Money Laundering Regulations 2007, and any successor measure, (and all other legislation relating to the handling of terrorist funds or the proceeds of crime) together with the Money Laundering Guidance Notes for the Financial Sector issued by the Joint Money Laundering Steering Group, as amended, and any other relevant guidance issued by a regulatory authority or industry body governing money laundering requirements and obligations.

"Nominee" a nominee company, acting as a nominee for Customers for the purpose of investment in a Plan.

"Payment Day" means the latest date (as notified by the Company to the Intermediary in respect of each Plan) on which all cash subscriptions must be received by the Company in respect of an investment in the relevant Plan.

"Personal Data" means personal data and personal sensitive data each as defined in the Data Protection Act 1998.

"Personal Recommendation" has the meaning given to it in the Rules.

"Plan" means any of the investment plans offered or available to the Intermediary through the Company.

"Plan Documentation" means the terms and conditions of any Plan and any other materials in connection with any Plan that are provided by the Company for the purpose of being given or made available to persons considering an investment in a Plan, including (without limitation) the sales brochure and Application Form supplied by the Company and any other product information prescribed by the Rules from time to time.

"Professional Client" has the meaning given to it in the Rules.

"RDR" means all those provisions in the Rules which implement the requirements of the FCA's Retail Distribution Review and (without prejudice to the generality of the foregoing) includes the rules in chapter 6 of the FCA's Conduct of Business Sourcebook as in force from 31 December 2012.

"Regulated Activity" means, in relation to any Plan any activity which is specified as such by or in any order made and in force under section 22 of the Act.

"Retail Client" has the meaning given to it in the Rules.

"Rules" means the rules, guidance, principles and codes in the Handbook of Rules and Guidance issued by the FCA as amended from time to time.

"Secure System" means encrypted email or any other secure electronic communication channel which is agreed in writing between the Company and the Intermediary.

- 1.2. Headings and the list of contents are for reference only and shall not affect the interpretation of the Agreement.
- 1.3. Words importing the singular include the plural, and vice versa, and words importing gender including the other gender.
- 1.4. References to any statute or any section of any statute include any statutory amendment, modification or re-enactment, and instruments and regulations under it in force from time to time. References to any rules, regulations, codes of practice or guidance include any amendments or revisions from time to time. References to a 'clause' or 'clauses' are a reference to a clause or clauses of this Agreement.

2. Scope

- 2.1. The Company will not provide any products or services under this Agreement to an Intermediary who:
 - a) has not submitted a duly completed Due Diligence Questionnaire, where the completeness of the information shall be determined by the Company;
 - b) is not, or ceases to be, authorised pursuant to the Act; and/or
 - c) does not have, or ceases to have, any relevant permission under Part IV of the Act.
- 2.2. The Company reserves the right to cease to provide any products or services under this Agreement to, or to refuse any particular business proposed by, an Intermediary.
- 2.3. This Agreement takes precedence over any other terms of business between the Intermediary and the Company in relation to the subject matter of this Agreement and/or any Plan. For the avoidance of doubt, however, this Agreement does not apply to the distribution by the Intermediary of any of the Company's packaged products (as defined in the Rules).
- 2.4. This Agreement is supplemented by, and should be read in conjunction with, the current Plan Documentation. In the event of any conflict between this Agreement and the Plan Documentation, this Agreement shall prevail, as between the Company and the Intermediary.
- 2.5. Clause 24 only applies if the Intermediary wishes to arrange for Customers to invest in a Plan through the Nominee, and shall take precedence over any other clause in the event of a conflict.
- 2.6. For Execution-Only Transactions, the Intermediary agrees to provide the Plan Documentation to such Clients as the Intermediary in its sole discretion deems appropriate and to introduce Clients to the Company.

3. Client Categorisation

- 3.1. The Intermediary will be categorised by the Company as a Professional Client for the purposes of the Rules and, subject to the Company accepting in writing a request from the Intermediary to be categorised differently (as to which see below), the Company will conduct business with the Intermediary on this basis.
- 3.2. The Intermediary acknowledges that:
 - a) it is responsible for keeping the Company updated as to any matters which might affect its continuing categorisation as a Professional Client; and
 - b) it is aware that its categorisation as a Professional Client prevents it from being entitled to certain protections available to Retail Clients, including but not limited to protections set out in the Rules relating to:
 - (i) rights of access to the Financial Ombudsman Service;
 - (ii) the regulation of complaints by Retail Clients;
 - (iii) the requirement to obtain additional information from Retail Clients in order to assess the appropriateness of services provided;
 - (iv) best execution, in that for Retail Clients this is determined primarily in relation to total consideration; and
 - (v) requirements as to information, including confirmations, which are provided to Retail Clients.

- 3.3. The Intermediary has the right to request a different categorisation.
- 3.4. If the Company agrees to a request from the Intermediary to be categorised as an Eligible Counterparty, it will not be entitled to certain protections available to Professional Clients, including but not limited to protections set out in the Rules relating to:
 - a) restrictions on the Company paying or receiving inducements;
 - b) the obligations on the Company to:
 - (i) ensure that all information it provides to the Intermediary is fair, clear and not misleading;
 - (ii) act in accordance with the Intermediary's best interests;
 - (iii) provide the Intermediary with appropriate information prior to the provision of services; and
 - (iv) achieve best execution; and
 - c) procedures and arrangements providing for orders to be executed promptly, fairly and expeditiously.

4. Conflicts of Interest

In managing conflicts of interest the Company will act honestly, fairly and professionally in accordance with the best interests of the Intermediary.

5. Inducements

- 5.1. The Intermediary acknowledges that, where permitted by the Rules and subject to Clause 5.3 below, in relation to activities carried on for the Intermediary by the Company, the Company and its directors, officers, employees and partners may:
 - a) receive from and pay to third-parties (including affiliates) fees, commissions or non-monetary benefits; and
 - b) share with third parties (including affiliates) charges occurring in undertaking those activities.
- 5.2. The Company agrees that, to the extent required by the Rules, the Company will disclose to the Intermediary details of arrangements relating to any such fees, commissions or non-monetary benefits. The Company agrees that, if such disclosure is made in summary form, further details will be disclosed at the Intermediary's request.
- 5.3. The Company agrees that neither the Company, nor any affiliated company in the Company's group, will solicit, accept or pay any commissions, remuneration or benefits of any kind in relation to any Personal Recommendation in respect of a Plan or any other service related to such Personal Recommendation, other than in relation to an Execution-Only Transaction.

6. Requirements relating to the Intermediary and the Client and representations, warranties and undertakings

- 6.1. This Agreement grants rights to, and imposes obligations on, the Intermediary. However, in relation to an investment by a Client in a Plan, the Intermediary shall be acting as the agent of the Client, in accordance with COBS 2.4.
- 6.2. Except to the extent expressly provided in this Agreement, the Intermediary:
 - a) has no power to accept any application by a Client to invest in a Plan, and shall not hold itself out as having the power to do so;
 - b) shall not make any representations or give any warranties on behalf of the Company;
 - c) may not bind or commit the Company to any obligation; and
 - d) shall not do any act or thing that would or might result in the Company being in breach of any requirement under the Act, the Rules or other applicable law or regulatory requirement.
- 6.3. The Intermediary represents, warrants and undertakes to the Company:
 - a) that it is authorised and regulated by the Financial Services Authority and is an authorised person for the purposes of section 31 of the Act;
 - b) to comply with all applicable laws and regulatory requirements to which it may be subject in relation to the solicitation of an investment by a Client in a Plan, including (where relevant) the Rules implemented by the FCA as part of the RDR;
 - c) it has submitted a Due Diligence Questionnaire and that the information provided in the Due Diligence Questionnaire is true to the best of its knowledge

- d) that, in respect of each new investment by a Client in a Plan, which results from the activities under this Agreement of the Intermediary, the Intermediary shall notify the Company in the Application Form as to whether that investment arose from an Execution-Only Transaction or was otherwise not an Advised Transaction;
 - e) (which representation and warranty and undertaking is deemed to be repeated on each day this Agreement is in force) that it has implemented suitable internal systems and processes to determine whether Personal Recommendations are being made and that:
 - (i) subject to sub-clause (ii). below, the Intermediary has complied in full with all applicable obligations under RDR including (without limitation) as to the requirements:
 - (aa) only to be remunerated for a Personal Recommendation (and any other related services) provided by the Intermediary to a Retail Client by Adviser Charges;
 - (bb) not to solicit or accept any other commissions, remuneration or benefit of any kind in relation to a Personal Recommendation (or any other related service) provided by the Intermediary to a Retail Client; and
 - (cc) for Personal Recommendations to be given to Retail Clients in the United Kingdom only by employees of the Intermediary who are appropriately qualified for the purposes of RDR; and
 - (ii) for Execution-Only Transactions, the Intermediary has taken all reasonable steps to determine that Personal Recommendations are not being made;
 - f) that it will not do, or omit to do, anything which might render the Company liable under such laws or regulatory requirements;
 - g) that it will not arrange an investment for any person who is not (or who is not treated as) a resident of the United Kingdom, except with the express written permission of the Company;
 - h) to procure that all employees, directors, officers and agents of the Intermediary comply with this Agreement;
 - i) save where to do so would result in the breach of any applicable law or regulation, that, where requested by the Company, it will use all reasonable endeavours to send promptly to the Company:
 - (i) such information regarding sales of the Plan as the Intermediary holds and which the Company may require as part of its internal monitoring processes, including but not limited to generic information relating to Clients or target markets more generally, as well as the details of any complaints from Clients, and
 - (ii) information regarding the Intermediary's own account opening, diligence and sales processes (including compliance with the Rules implemented by the FCA as part of RDR) and compliance with its own legal and regulatory responsibilities; and
 - j) where the Company has identified generic target markets for specific Plans, it will use reasonable endeavours not to promote or distribute the Plan to any Clients who do not fall within such target markets.
- 6.4. The Intermediary and the Company confirm that they have each been notified as data controllers under the Data Protection Act 1988 ("DPA"), and that each will ensure that its notification details include all persons, purposes and other particulars required to be notified under the DPA in connection with this Agreement. Each of the Intermediary and the Company undertake to comply with the DPA and other applicable related data protection legislation in transacting business with the other party under this Agreement.
- 6.5. The parties agree (and, in the case of the Intermediary, it confirms that it has sufficient authority to agree) that Personal Data processed in order to manage and administer their respective obligations and undertakings under this Agreement may be disclosed:
- a) to persons appointed, including affiliates, as service providers or agents of the Company or the Intermediary on the understanding that such Personal Data shall remain confidential;
 - b) to persons to whom the parties transfer or may transfer their rights and duties under this Agreement, including affiliates; and
 - c) where there is a duty to do so or where the law allows such disclosure of Personal Data (e.g. FCA, Financial Ombudsman Service).
- 6.6. The Intermediary will not transmit Personal Data regarding its Clients to the Company by electronic means unless this is via a Secure System.

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- 6.7. For the protection of the Company, to check instructions, to maintain high quality service standards and for the security of operational business processes, electronic communications (including but not limited to telephone, internet, email) may be monitored and recorded by the Company.
- 6.8. The Company will not provide Personal Data to the Intermediary except:
- in relation to persons who are Clients; and
 - where such a Client has given consent to the disclosure of such Personal Data by the Company to the Intermediary.

The Intermediary shall ensure and confirms to the Company that it has obtained the necessary consents from each Client to Personal Data being transferred to the Company and processed in the manner envisaged. The Intermediary undertakes to advise the Company immediately that it ceases to be the Intermediary of a Client.

- 6.9. Where the Intermediary provides Personal Data relating to persons other than a Client (e.g. dependant of a Client, power of attorney), the Intermediary undertakes to ensure it will have consent to disclose such Personal Data to the Company and for the Company to process it in accordance with this Agreement.
- 6.10. The Intermediary may advise the Company if the Intermediary does not wish to receive details of products and services of:
- the Company; or
 - the Company and affiliates of the Company.

Where the Intermediary does not wish to receive details of products and services under this clause it should email retailuk@morganstanley.com or call the Company on 0207 425 9000, or as otherwise advised by the Company, or activate the applicable unsubscribe option where offered.

7. Payments

- 7.1. Unless otherwise agreed between the Company and the Intermediary, payment in respect of any investment in a Plan effected by or through the Intermediary must be received by the Company in cleared funds on or before the Payment Day. The Company shall be entitled, without giving prior notice to the Intermediary, to close any Plan it has opened in respect of which the amount due remains unpaid after the Payment Day. This provision shall not be affected by any requirement to serve a cancellation notice in respect of an investment in a Plan.
- 7.2. The Intermediary may, in the case of redemptions of investments held within a Plan, request the Company to issue cheques drawn in favour of the Client Money Account of the Intermediary, where satisfactory identification procedures have been completed in accordance with Money Laundering Requirements (but the Company may at its absolute discretion refuse such a request).
- 7.3. All redemption payments shall be made either by cheque (crossed "Account Payee") drawn in favour of the Client, or by direct credit to the Client.
- 7.4. In accordance with the Client Money Rules the Intermediary shall immediately pass to the Company all monies in respect of an investment in a Plan that are given, transferred or sent to the Intermediary by a Client.
- 7.5. Where payment is made by the Company to the Intermediary, such payment will discharge the Company's obligations to the Client.

8. Adviser Charges, commission and set-off

Adviser Charges

- 8.1. For all Advised Transactions, the Intermediary shall only be remunerated by an Adviser Charge and the Company shall not pay any commissions, remuneration or benefit of any kind to any Intermediary in respect of an Advised Transaction.

- 8.2. All matters relating to the payment of an Adviser Charge to the Intermediary shall be governed by the Rules. Notwithstanding any other provision of this Agreement, the Company shall in no circumstances be required to pay any amount to the Intermediary to the extent that the Company determines (acting in its sole reasonable discretion) that such payment would be in breach of the requirements of RDR.
- 8.3. The amount payable by way of an Adviser Charge shall be agreed between the Client and the Intermediary. The Intermediary shall not provide a Personal Recommendation to a Client in relation to a Plan unless the Intermediary has agreed with, and disclosed to, the Client, the total Adviser Charge payable.
- 8.4. The Intermediary shall ensure that the Client notifies the Company in writing (which may include in the Application Form) as to whether it has been agreed that:
- a) the Client will pay the Adviser Charge directly to the Intermediary, or
 - b) the Client will pay the Adviser Charge to the Company and the Company will then pay the Adviser Charge to the Intermediary on the Client's behalf.

Should the agreement outlined above be altered, suspended or revoked in any way, the Intermediary undertakes to immediately notify the Company in writing of such an occurrence.

- 8.5. If a Client exercises a right (where applicable) to cancel an investment in a Plan under the Cancellation Rules, the Intermediary shall agree with the Client whether or not any Adviser Charge (including any applicable VAT) should be rebated to the Client.
- 8.6. Where Clause 8.4(b) applies, the Company agrees to facilitate the payment of the Adviser Charge to the Intermediary. The Adviser Charge shall not be treated by the Company as client money under the Client Money Rules and will be held in a non-Client Money Account which will not bear interest. The Company shall pay to the Intermediary the amount of the Adviser Charge within 15 business days following receipt of the Application Form from the Client. The Company may cease facilitating the payment of the Adviser Charge to the Intermediary:
- a) where it is illegal for the Company to do so;
 - b) where the Company is instructed not to make the payment by any regulator or a court of law;
 - c) where the Company becomes insolvent;
 - d) where the Company otherwise determines not to facilitate the payment of Adviser Charges from its Plans which may be as a result of a change in the Rules or applicable law or where the Company decides, in its own discretion.
- 8.7. The Application Form completed by the Client and the Intermediary shall be the prime record of the Adviser Charge due to the Intermediary and as such in the absence of manifest error, shall be conclusive of the amount of the Adviser Charge due to the Intermediary.
- 8.8. Unless the Company is expressly notified by the Intermediary (which may be in the Application Form) that an Execution-Only Transaction has been entered into, the Company shall treat all instructions from Clients as given in relation to an Advised Transaction.

Execution-Only Transactions – commission and set-off

- 8.9. For Execution-Only Transactions, the Intermediary may be remunerated by fees, commission and/or other remuneration.
- 8.10. All matters relating to the payment of commission by the Company (where permitted by the Rules) to the Intermediary in relation to Execution-Only Transactions shall be governed by the Rules. Clauses 8.11 to 8.18 relate solely to Execution-Only Transactions and shall not be applicable to any Advised Transactions.
- 8.11. For Execution-Only Transactions, the Company shall pay commission to the Intermediary at such rate or rates and at such time or times as it shall from time to time notify to the Intermediary. All rates and payments of commission are deemed to be inclusive of any applicable VAT. However, if the Company is not satisfied that the Intermediary has complied with its disclosure obligations (as described in Clause 8.13 below), it reserves the right to withhold payment of any commission.

- 8.12. Without prejudice to the payment of commission already accrued and due, the Company reserves the right to reduce the rate of commission in respect of future transactions (at any time) on giving notice of any such reduction to the Intermediary.
- 8.13. The Intermediary shall not permit a Client to make an investment in any Plan unless the Intermediary has made such disclosures to the Client in respect of any fee, commission or other non-monetary benefit that will be received or made by the Intermediary and other matters as, at the relevant time, are required to be disclosed by the Rules. In addition, to the extent that it is not otherwise required by the Rules, the Intermediary shall disclose the actual amount of any fee, commission or other non-monetary benefit payable if so required by the Client.
- 8.14. If a Client exercises a right (where applicable) to cancel an investment in a Plan under the Cancellation Rules in relation to an Execution-Only Transaction, any commission (including any applicable VAT) paid in respect of the investment shall thereupon be repaid by the Intermediary to the Company.
- 8.15. The Company may, at its discretion, cease paying commission to the Intermediary:
- a) if the Intermediary ceases to have the necessary permission(s) under the Act to carry on any relevant Regulated Activity or the Intermediary's authorisation or any relevant permission under the Act is suspended;
 - b) in respect of any transaction for a person for whom the Intermediary has ceased to be an agent;
 - c) if the Intermediary dies, becomes bankrupt, compounds with or assigns his estate or effects for the benefit of creditors, has his goods seized in execution or, where the Intermediary is a company, goes into liquidation or receivership or is subject to an administration order; or
 - d) if the Intermediary is the subject of an investigation under:
 - (i) any provision of the Act, and/or
 - (ii) the Rules.
- 8.16. In relation to Execution-Only Transactions, the Company may set-off any amounts payable by the Intermediary to the Company in relation to any provision in this Agreement against any commission or other payments due to the Intermediary.
- 8.17. The Company's statement of account shall be the prime record of commission due to the Intermediary and as such in the absence of manifest error, shall be conclusive of the amount of commission due to the Intermediary.
- 8.18. The Company may charge interest on any amounts due from the Intermediary, either for its own account or on behalf of a Client. This interest will be charged at a rate equivalent to the base lending rate of the Company plus 2%.

9. Money Laundering

- 9.1. The Intermediary acknowledges that any investment by a Client in a Plan will be subject to the Money Laundering Requirements.
- 9.2. The Intermediary undertakes full responsibility for the identification procedures and all other obligations under the Money Laundering Requirements in respect of any Client in relation to business proposed by the Intermediary to, or transactions with, the Company.
- 9.3. The Intermediary undertakes to provide such evidence of identity as may be required by the Company from time to time.
- 9.4. The Company reserves the right to request documentary evidence that the Money Laundering Requirements have been complied with and the Intermediary shall furnish the Company with all such necessary evidence as soon as reasonably practicable upon receiving such request.

- 9.5. The Intermediary shall ensure that where checks on the identity of a Client are completed electronically, for example via a credit reference agency, to meet Money Laundering Requirements the Client has agreed to the implementation of such checks and to the disclosure of the results to the Company, such disclosure to be upon request by the Company.

10. Documentation and investment processes

- 10.1. Applications may only be submitted, and instructions may only be given, in relation to a Plan with the authority of the Client for whom the Intermediary is acting. At the Company's request the Intermediary will provide evidence of its authority to act. When submitting an Application Form or giving an instruction in relation to a Plan, the Intermediary shall provide to the Company the full name and address of the Client for whom the Intermediary is acting. Where such details are not provided by the Intermediary then the Company may, at its discretion, refuse to act on the instruction.
- 10.2. The Intermediary shall:
- a) pass to a Client immediately, and without any amendment, any documents supplied by the Company for the information of or completion by the Client; and
 - b) send to the Company immediately any documents provided by the Client to the Intermediary including the Application Form fully completed and signed by the Client to the Company at the following address: Morgan Stanley & Co. International plc, BNY Mellon House, Ingrave Road, Brentwood CM15 8TG, England.
- 10.3. The Intermediary undertakes to comply with all applicable legal and regulatory requirements (including, without limitation, disclosure requirements) in force at the time of arranging and/or advising on an investment in a Plan.
- 10.4. Subject to Clause 10.3 above, the Intermediary shall comply with any reasonable requirements of the Company from time to time regarding:
- a) sales procedures
 - b) materials to be provided to Clients;
 - c) information to be supplied to Clients;
 - d) risk warnings and other disclosures to be given to Clients; and
 - e) specific prohibitions (including, without limitation, terms, words, and phrases which must not be used as part of the process of soliciting an investment in a Plan).
- 10.5. Subject to Clauses 10.3 and 10.4, prior to arranging an Advised Transaction in a Plan, the Intermediary shall disclose to each Client it advises whether any advice it provides is categorised as "independent advice" or "restricted advice" as defined in the Rules.
- 10.6. Subject to Clauses 10.3 and 10.4, prior to arranging an investment in a Plan, and thereafter if the Client so requests, the Intermediary shall provide to the Client, free of charge, a copy of the Plan Documentation.
- 10.7. The Company will supply to the Intermediary copies of the Plan Documentation. The Intermediary acknowledges that all intellectual property in the Plan Documentation and such other materials shall remain at all times with the Company and/or the Company's licensors.
- 10.8. The Company may have an obligation to send certain documents direct to the Client and also reserves the right to send other documents and communications direct to the Client, provided it has, where appropriate, consulted with the Intermediary.

- 10.9. The Intermediary shall, when requested, provide the Company with evidence of all the necessary authorisations, permissions, registrations and consents required by the Intermediary in order that it may conduct any relevant Regulated Activity. Without prejudice thereto, the Intermediary shall provide the Company with:
- a) the Intermediary's FCA authorisation reference number; and
 - b) a statement clarifying whether or not the Intermediary is authorised to handle client money.

Without prejudice to Clauses 2, 8.6 and 8.15, should the scope of the Intermediary's authorisation or permissions under the Act be altered, suspended or revoked in any way, the Intermediary undertakes to immediately notify the Company in writing of such an occurrence.

- 10.10. The Company will deem that the Cancellation Rules apply to the Plan and accordingly will issue cancellation notices to all Clients in accordance with the Cancellation Rules.

11. Confidentiality

The Intermediary shall not disclose any information of a confidential nature acquired in relation to the matters contemplated by this Agreement, except where it is required to do so by the Act, the Rules, or other applicable law.

12. Indemnity

- 12.1. The Intermediary shall indemnify the Company against all losses, costs, claims, liabilities, expenses and demands resulting to the Company:
- a) from any failure by the Intermediary to comply with the provisions of the Act, the Rules, the Money Laundering Requirements and other applicable laws or regulatory requirements;
 - b) if the Company does not receive due payments by the Payment Day;
 - c) if the Company does not receive an Adviser Charge from a Client, Nominee or Customer in order to facilitate payment to the Intermediary;
 - d) directly or indirectly due to a failure of the Intermediary to comply with Clause 7.1 above;
 - e) arising from any payment made by the Company to the Intermediary in accordance with Clause 7.2;
 - f) (without prejudice to all of the above) from any breach by the Intermediary of any of the clauses including but not limited to any failure to:
 - (i) comply with the Company's reasonable requirements under Clause 10.4;
 - (ii) provide promptly and accurately the information required pursuant to Clause 10.9 above; and
 - (iii) comply with the provisions of Clause 13 below; and
 - g) (without prejudice to all of the above) from the acts and omissions of the Intermediary (i) in advising Clients and/or arranging investments in the Plan; and (ii) in providing Execution-Only Transactions (for example, where a Personal Recommendation is, in fact, made).
- 12.2. The Company will only be liable to the Intermediary for loss arising directly as a result of gross negligence, fraud or wilful default by it or any of its employees. In no event shall the Company be liable for loss of profits, loss of goodwill, loss of reputation or loss of business opportunities, or for any special, indirect, incidental or consequential damages or losses.
- 12.3. No provision in this Agreement will operate as to exclude or limit the Company's liability to the extent that this would be prohibited by the Act, the Rules or other applicable law.

13.

13. Appropriateness / Suitability

- 13.1. The Intermediary acknowledges that the Company is not under any obligation, and shall not carry out any relevant checks, to ensure that the investments which it purchases in its capacity as manager of any Plan are suitable (within the meaning of Chapter 9 of COBS) for each Client. The Intermediary shall not under any circumstances suggest to a Client, or otherwise imply, that the Company is under any such obligation regarding the suitability of Plan investments.
- 13.2. The Intermediary expressly acknowledges that for each Client to whom it provides Personal Recommendations it is under an obligation to ensure that an investment in any Plan is suitable (within the meaning of Chapter 9 of COBS), and undertakes not to provide a Personal Recommendation to any person to make an investment in a Plan unless this obligation has been complied with.

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- 13.3. The Intermediary expressly acknowledges that where the Intermediary is carrying out Execution-Only Transactions, the Intermediary is under an obligation to ensure that an investment in any Plan or the Plan itself is appropriate (within the meaning of Chapter 10 of COBS) for Clients.
- 13.4. The Intermediary acknowledges that it is responsible for handling all complaints from Clients which relate to issues concerning:
- a) the suitability of an investment by a Client in a Plan;
 - b) the suitability of the investments acquired within a Plan for a Client; and
 - c) the sales process prior to an investment by a Client in a Plan, other than complaints that specifically relate to the content of Plan Documentation, and that it is solely responsible for meeting the costs of any compensation payments to Clients that relate to complaints of the types referred to at (a) and (c) above.

14. Service of Documents

- 14.1. Any letter or other document shall be deemed to have been duly served upon the Intermediary if it is sent by post to, or left at the address of, the Intermediary appearing in this Agreement or as subsequently notified by the Intermediary to the Company in writing.
- 14.2. Any letter or other document sent by first class post shall be deemed to have been served on the business day following that on which the envelope containing the same is posted and in proving such service it shall be sufficient to prove that such envelope was properly addressed, stamped and posted. Any letter or other document left at the address of the Intermediary shall be deemed to have been served on the date on which it was so delivered to that address, and in proving such service it shall be sufficient to prove that it was so delivered.

15. Variation

- 15.1. The Company reserves the right to vary this Agreement but, except in so far as required by the Act or the Rules, and subject to the Company's rights under Clause 8.12 above:
- a) no variation shall affect investments in the Plan made prior to the time of the variation, and
 - b) not less than (28) days notice shall be given to the Intermediary of and prior to a variation.
- 15.2. The Intermediary shall not be entitled to sub-contract or transfer any of his rights and obligations hereunder without the prior written consent of the Company.

16. Termination

The Intermediary may terminate this Agreement by not less than 28 day's written notice to the Company. The Company may terminate this Agreement at any time. Termination of this Agreement shall not affect the rights and obligations of the parties which have accrued or arisen prior to termination.

17. Severability

In the event that the whole or any part of any provision in this Agreement shall be determined invalid, unlawful or unenforceable to any extent then such provision shall be severed from the remaining provisions which shall continue to be valid and enforceable to the fullest extent permitted by law.

18. Force Majeure

Neither party shall be liable to the other for any failure or delay in performance of this Agreement if it is due to any event beyond the reasonable control of that party. Such events beyond the reasonable control of a party include, without limitation, acts of God, war, acts of terrorism, industrial disputes, fire, flood, tempest and national emergencies. The party delayed or prevented from performing shall be entitled to a reasonable period of time to perform the obligations in question.

19. Telephone Recording

The Company may record telephone calls between the Company and the Intermediary and Clients.

20. No Waiver

No failure or delay in exercising any right, power or remedy under this Agreement and no course of dealing shall operate as a waiver. No single or partial exercise of any such right, power or remedy shall preclude any future or other exercise of that or any other right, power or remedy.

21. No partnership

Nothing in this Agreement shall create or be deemed to create a partnership between the Company and the Intermediary.

22. Governing Law

This Agreement, and any non-contractual obligations arising out of or in connection with it, shall be governed and construed in accordance with English Law. The parties hereby submit to the non-exclusive jurisdiction of the English courts.

23. Third Party Rights

This Agreement is enforceable by the Company and the Intermediary and by their successors in title and permitted assignees. No other person shall have any rights under the Contract (Rights of Third Parties) Act 1999 to enforce a term of this Agreement.

24. Investment through the Nominee

- 24.1. This Clause sets out additions and variations to the other clauses which apply to investments through the Nominee.
- 24.2. Subject only to Clause 12.3 and to Clause 24.3 below:
- a) where the Nominee applies to subscribe to a Plan, the Company will treat the Nominee as the sole Client for all purposes of this Agreement and the Rules. The Nominee will be categorised by the Company as a Professional Client;
 - b) the Customers of the Nominee will not be treated as Clients for the purposes of this Agreement;
 - c) the Company will not owe any duties to Customers; and
 - d) for the avoidance of doubt, as the Nominee is being treated as the Client, references to "Client" in Clauses 6.6, 6.8, and 6.9 shall be deemed to be references to the Customer.
- 24.3. For the purposes of investing through the Nominee, in Clauses 6.3(b) to (d), (h) and (i), 8.3, 8.4, 8.13, 9.1, 9.3, 9.4, 9.5, 12.1(g), 13.1, 13.2, 13.3:
- a. references to "Clients" shall be deemed to be references to "Clients and/or Customers"; and
 - b. references to "arranging an investment" in a Plan or "soliciting an investment" in a Plan shall be deemed to include arranging and/or soliciting an investment in a Plan by a Customer.
- 24.4. Save as set out in Clause 24.5 below, the Nominee shall have no right to cancel its investment in the Plan and the Cancellation Rules shall not apply to the Nominee's investment in the Plan.
- 24.5. The Company will issue a cancellation notice to the Nominee in accordance with Clause 10.10. Where a Customer has exercised a right to cancel his/her investment in a Plan under the Cancellation Rules, the Nominee shall be permitted to cancel the relevant proportion of its investment in the Plan, provided that notification of the exercise of such right is dispatched by the Nominee to the Company within the time stipulated in the cancellation notice sent to the Nominee. In the event of any such cancellation, Clause 8.5 will apply to the rebating of any Adviser Charge and, for Execution-Only Transactions, Clause 8.14 shall apply to the relevant proportion of commission otherwise payable to the Intermediary.
- 24.6. The Company will not accept any application from the Nominee to establish a Plan which is an ISA.

- 24.7. If the Intermediary wishes, it may arrange for Customers to invest in an ISA operated by the Intermediary or a third party in relation to a Plan, provided that:
- a) the Intermediary makes it clear to the relevant Customers that the ISAs are separate from the Plan, and that the Company has no involvement with, or responsibility for, the operation or the arrangements relating to the ISAs whatsoever; and
 - b) the Intermediary indemnifies the Company against all losses, costs, claims, liabilities, expenses and demands resulting to the Company directly or indirectly due to the operation of, or the arrangements relating to, such ISAs.
- 24.8. The Plan Documentation may prohibit a Client from making a partial withdrawal (i.e. a sale of some, but not all, of the investments held for a Client in a Plan for cash). However, the Company confirms to the Intermediary that it will nevertheless permit the Nominee to make a partial withdrawal.
- 24.9. In the circumstances described at Clause 24.8 above, the Intermediary acknowledges (for itself and on behalf of the Nominee) that such part of the Nominee's investment in a Plan as is the subject of the request for a partial withdrawal will be treated as an early withdrawal for all purposes of the Plan Documentation, with the consequences set out therein.

AS WITNESS WHEREOF this Agreement has been entered into on the date written at the beginning of this Agreement.

For and on behalf of the Company

Signature


Jacques Van de Velde
Authorised Signatory

Name/Position

For and on behalf of the Intermediary

Signature

Name/Position

Please scan and email the completed document to:

retailuk@morganstanley.com

- or post to –

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