

MORGAN STANLEY AUDIT RESOLUTION AGREEMENT

This Audit Resolution Agreement sets forth the terms and conditions for finalizing and resolving the unclaimed property audit that Verus Financial LLC ("Auditor") is conducting of Morgan Stanley, Morgan Stanley Distribution, Inc., Morgan Stanley Smith Barney LLC, and Morgan Stanley & Co. LLC (collectively, "Company") on behalf of the states identified in the attached **Schedule A** (the "Participating States") that become Signatory States by executing the Agreement.

WHEREAS Auditor is conducting an audit of the Company to identify property that was required to be reported and remitted to the Participating States on or before December 31, 2014 (the "Audit");

WHEREAS the Company has cooperated with the Signatory States and Auditor by making its books and records available for examination, and its personnel and agents available to assist as requested by the Signatory States and Auditor;

WHEREAS the Company and the Signatory States recognize that a multi-state audit of this nature may be complex and time-consuming and that, in the absence of a prior understanding between the Parties, disputes may arise concerning how the Audit should be conducted; and

WHEREAS the Company and the Signatory States desire to avoid unnecessary disputes and to have the Audit conducted in the most efficient and effective manner possible;

NOW, THEREFORE, the Parties agree as follows:

I. Definitions

For purposes of this Agreement, capitalized terms have the meanings set forth below:

(a) **"Agreement"** means this Audit Resolution Agreement entered into among the Signatory States and the Company, which is also signed by Auditor as the authorized third party auditor for the Signatory States.

(b) **"Dormancy Period"** means the period of years provided for by a Signatory State's UP Laws upon the expiration of which unclaimed property is escheatable to the Signatory State.

(c) **"Effective Date"** means the date provided for in Section II.

(d) **"Lead Signatory States"** means California, Massachusetts, and Texas.

(e) **"Owner-Generated Activity"** means any of the following (i): owner-initiated financial transactions or authenticated owner-initiated administrative activity such as buying and selling securities, incoming and outgoing transfers of securities, cash deposits and withdrawals (by ACH, wire, or check), ATM/debit card transactions, checks written, (ii) incoming calls to customer service/client interaction centers, calls to financial advisors, account log-in events regardless of whether a transaction was performed and regardless of the type of transaction performed, (iii) incoming written and email correspondence including due diligence responses, W-9 or equivalent tax form certification, proxy voting, (iv) any other interaction between the owner (or his/her authorized representative(s)) and the Company that can be verified as having been initiated by the owner, and (v) any other activity mutually agreed to by the Auditor and the Company to be an owner-generated activity. In this regard, Owner-Generated Activity is distinguishable from Company-generated activity such as, without limitation, crediting dividends, posting account fees, and mailing account statements, which, except as may be mutually agreed, does not constitute Owner-Generated Activity. Non-return of mail sent by the Company to an account owner does not constitute Owner-Generated Activity except where such

non-return is specifically recognized as sufficient under the law of a particular Signatory State to prevent property from being presumed abandoned, and as provided for in Section VII below. Owner-Generated Activity on one account (e.g., a stock plan account) of a customer shall be considered activity on all other accounts (e.g., a retail brokerage account) which that customer has the power to control or in which the customer holds an interest or is a beneficiary of a deceased customer, but automatic financial or administrative transactions or activity, such as automatic deposits/withdrawals or automatic portfolio rebalancing, shall not be considered Owner-Generated Activity. If an account owner is deceased, Owner-Generated Activity shall include activity of beneficiaries and estate executors or other persons who have a legal or equitable right to ownership or custody of the property.

(f) **"Participating States"** means those state agencies identified in the attached **Schedule A**.

(g) **"Parties"** means the Signatory States and the Company; "Party" shall mean any one of the Parties.

(h) **"Scope of the Audit"** means all property maintained in, related to, or originating from all brokerage services or customer accounts at the Company, including, but not limited to, employee stock plan accounts, retail brokerage accounts, and retirement accounts, whether denominated individual all-purpose accounts, limited purpose accounts, omnibus accounts, suspense accounts, or other account or fund that was reportable or potentially reportable on or before December 31, 2014. Notwithstanding the foregoing, the Scope of the Audit shall exclude:

- (i) property whose owners and beneficiaries live in non-Signatory States;
- (ii) education and health savings-related accounts;
- (iii) property related to employment-based defined benefit plans;
- (iv) property the Company previously escheated or which becomes escheatable on or after

January 1, 2015; and (v) property the Company previously transferred to a third party via sale, merger, transfer to a non-Company affiliated broker, or other transaction prior to the commencement of the Audit, and in which the Company no longer retains any control.

(i) **"Signatory State"** means one or more of the Participating States that have executed the Agreement or any other state agency that executes **Schedule D**, in accordance with Section II.B. below.

(j) **"Unclaimed Property Report" ("UPR")** means a report prepared and submitted to the Company by Auditor identifying property that Auditor has determined to be escheatable under the Agreement in the format attached as Schedule B.

(k) **"UP Laws"** means the Unclaimed Property/Escheat Laws of the Signatory States, as applicable.

II. Effectiveness

A. Effective Date

The Agreement shall not become effective until executed by the Company, the three (3) Lead Signatory States, and fourteen (14) additional Participating States. The Agreement shall initially be executed by the Company and Auditor, as the authorized third party auditor for the Participating States, no later than December 23, 2014, followed by the Lead Signatory States, and Participating States, which shall take place no later than February 28, 2015. The "Effective Date" of the Agreement shall be the date upon which Auditor provides notice to all Parties that the Agreement has been executed by seventeen (17) of the Participating States (including the three Lead States), and the notice shall occur promptly following those executions. If the Agreement is not signed by the Lead Signatory States and the minimum required number of Participating States by February 28, 2015, the Company shall have the right to opt out of the

Agreement by providing Auditor with written notice of its intent to exercise this right no later than March 31, 2015, in which case the Agreement shall not take effect. If the Company does not exercise its right to opt out of the Agreement pursuant to this Section, the Effective Date shall be April 1, 2015 as to those Participating States that have signed the Agreement by that date. The Parties agree that execution by Florida and California of audit resolution agreements substantially similar in substance and form to this Agreement, which have been approved by Company prior to execution by said States, shall be deemed to be execution of this Agreement by said States for the purpose of the occurrence of the Effective Date.

B. Signatory States

The Signatory States shall be limited to those Participating States set forth on **Schedule A** as of the date the Company executes the Agreement. Participating States identified on **Schedule A** may become Signatory States by signing the Agreement at any time prior to the completion of processing of all UPRs under the Agreement (subject to the Company's right to opt out of the Agreement as set forth above). If any state or jurisdiction not identified on **Schedule A** enters into an agreement with Auditor for an unclaimed property audit of the Company prior to the completion of processing of all UPRs under the Agreement, the Company shall offer to resolve the audit by entering into an agreement with that state or jurisdiction containing the same terms as this Agreement or by adding such state or jurisdiction to this Agreement by having the state or jurisdiction sign **Schedule D**. If the Company enters into an agreement to resolve an unclaimed property audit conducted by Auditor on behalf of an additional state or jurisdiction or such state or jurisdiction becomes a Signatory State by signing **Schedule D**, Auditor shall not submit to the Company any unclaimed property reports related to that state or jurisdiction until the last group of UPRs provided to the Company under the Agreement is reconciled by the Company and

Auditor, unless the Company elects to receive those unclaimed property reports at an earlier time agreed to between the Company and Auditor.

Notwithstanding the foregoing, Auditor agrees that it will not use any confidential information received from the Company to solicit, encourage, or request that any non-Participating State conduct an audit of the Company.

III. Standards for Escheatment

The standards for escheatment to the Participating States are set forth below. Property within the Scope of the Audit shall be escheatable to a Signatory State under the Agreement if such standards are met.

A. Non-Retirement Accounts

1. Participating States Within Group I

Excepting retirement accounts, property in an account is escheatable to the Participating States within this group if (a) one or more dividends or other distributions (as specified in footnote 1 to this Agreement) related to the account have been unclaimed by the account owner, one or more pieces of mail (as specified in footnote 1 to this Agreement) sent to the account owner have been returned to the Company as undeliverable, and/or the Company discontinued mailings to the owner, and (b) there has been no Owner-Generated Activity regarding the account during the Dormancy Period. The Dormancy Period begins upon the date the first unclaimed distribution was issued or upon the date of receipt of the last piece of returned mail required for an account to be escheatable in the particular Participating State, as applicable. At the time property is escheatable under this subsection, all unclaimed dividends and all other distributions associated with the property are also escheatable.

In addition, a dividend or other distribution is escheatable if the distribution remains unclaimed and there has been no other Owner-Generated Activity regarding the distribution during the Dormancy Period. The Dormancy Period for unclaimed distributions begins on the date the distribution was issued.¹

2. Participating States Within Group II

Excepting retirement accounts, property in an account is escheatable to the Participating States within this group if (a) there has been no Owner-Generated Activity regarding the account for the Dormancy Period and (b) the Company does not know the location of the account owner as evidenced by the return to the Company of mail sent to the account owner or other facts or circumstances. At the time property is escheatable under this subsection, all unclaimed dividends and all other distributions associated with the property are also escheatable.

In addition, a dividend or other distribution is escheatable if the distribution remains unclaimed and there has been no other Owner-Generated Activity regarding the distribution during the Dormancy Period. The Dormancy Period for unclaimed distributions begins on the date the distribution was issued.²

¹ The following are the Participating States included within Group I, followed by the required number of returned mailings (“RPO”), Dormancy Period (“YR”), and, if more than one unclaimed distribution is required, number of unclaimed distributions (“UCD”) for each: Alabama (2RPO/3YR), Arizona (2RPO/3YR), Arkansas (2RPO/5YR), Florida (1RPO/3YR), Indiana (2RPO/3YR), Louisiana (2RPO/3YR), Montana (2RPO/5YR), Nevada (2RPO/3YR), New Hampshire (1RPO/3YR), New Jersey (2RPO/3YR/3UCD), Ohio (2RPO/5YR), Oklahoma (1RPO/3YR), South Carolina (1RPO/3YR), Vermont (2RPO/3YR), Washington (2RPO/3YR/5UCD), West Virginia (2RPO/5YR), and Wisconsin (1RPO/3YR). If the Dormancy Period and/or other escheatment criteria of a Participating State in any group are amended during the course of processing under the Agreement, such amended criteria shall be substituted for the relevant criteria set forth herein.

² The following are the Participating States included within Group II, followed by the Dormancy Period: California (3YR).

3. Participating States Within Group III

Excepting retirement accounts, property in an account is escheatable to the Participating States within this group if (a) there has been no Owner-Generated Activity regarding the account for the Dormancy Period and (b) the Company does not know the location of the account owner as evidenced by the return to the Company of mail sent to the account owner or other facts or circumstances. However, shares enrolled in a plan providing for the reinvestment of dividends or other distributions shall only be escheatable if (a) one or more pieces of mail sent to the account owner have been returned to the Company as undeliverable, after which there has been no Owner-Generated Activity regarding the account during the Dormancy Period or (b) the account owner owns other property which is not enrolled in a plan providing for the reinvestment of dividends or other distributions and such property is escheatable under the Agreement. At the time property is escheatable under this subsection, all unclaimed dividends and all other distributions associated with the property are also escheatable.

In addition, a dividend or other distribution is escheatable if the distribution remains unclaimed and there has been no other Owner-Generated Activity regarding the distribution during the Dormancy Period. The Dormancy Period for unclaimed distributions begins on the date the distribution was issued.³

4. Participating States Within Group IV

Excepting retirement accounts, property in an account is escheatable to the Participating States within this group if (a) one or more dividends or other distributions related to the account have been unclaimed by the account owner and (b) there has been no Owner-Generated Activity

³ The following are the Participating States included within Group III, followed by the Dormancy Period and required number of returned mailings for dividend reinvestment accounts for each: Idaho (5YR/2RPO), Nebraska (5YR/1RPO), and the District of Columbia (3YR/2RPO).

regarding the account during the Dormancy Period. The Dormancy Period begins upon the date the first unclaimed distribution was issued. Shares enrolled in a plan providing for the reinvestment of dividends or other distributions and shares of non-dividend paying stocks shall only be escheatable if the account owner also owns other property which is escheatable under the Agreement. At the time property is escheatable under this subsection, all unclaimed dividends and all other distributions associated with the property are also escheatable.

In addition, a dividend or other distribution is escheatable if the distribution remains unclaimed and there has been no other Owner-Generated Activity regarding the distribution during the Dormancy Period. The Dormancy Period for unclaimed distributions begins on the date the distribution was issued.⁴

5. Participating States Within Group V

Excepting retirement accounts, property in an account is escheatable to the Participating States within this group if there has been no Owner-Generated Activity regarding the account for the Dormancy Period. At the time property is escheatable under this subsection, all unclaimed dividends and all other distributions associated with the property are also escheatable.

In addition, a dividend or other distribution is escheatable if the distribution remains unclaimed and there has been no other Owner-Generated Activity regarding the distribution during the Dormancy Period. The Dormancy Period for unclaimed distributions begins on the date the distribution was issued.⁵

⁴ The following are the Participating States included within Group IV, followed by the required number of unclaimed distributions and Dormancy Period for each: Oregon (1UCD/3YR) and South Dakota (5UCD/3YR).

⁵ The following are the Participating States included within Group V, followed by the Dormancy Period for each: Georgia (5YR), Illinois (5YR), Iowa (3Y, except DRIP accounts require 2RPO), Kentucky (3YR), Maryland (3YR), Massachusetts (3YR), Michigan (3YR), Minnesota (3YR, except DRIP accounts require 3YR inactivity of other account), Pennsylvania (3YR), Rhode Island (3YR, except DRIP accounts require 5YR inactivity of other account), Tennessee (3YR), and Texas (3YR).

B. Retirement Accounts

Property in a retirement account is escheatable if there has been no Owner-Generated Activity regarding the account during the Dormancy Period, which begins on the date that distributions from the account must commence in order to avoid a tax penalty, as further described below. However, if the property is an individual retirement account or an account in a 403(b) plan whose owner is not deceased, the account shall only be escheatable if one or more pieces of mail sent to the account owner have been returned to the Company as undeliverable and/or the Company discontinued mailings to the owner. For retirement accounts other than Roth IRAs, if the account owner is alive, the Dormancy Period begins on April 1 of the year after the account owner reaches the age of 70½.⁶ If the account owner died on or after April 1 of the year after s/he reached the age of 70½, the Dormancy Period for all retirement accounts of the owner begins on the last day of the year following the owner's death. If the account owner died before April 1 of the year after s/he reached the age of 70½, the Dormancy Period for all retirement accounts of the owner begins on the last day of the fifth year following the owner's death. The Company and Auditor shall meet in good faith to determine the most appropriate way to process accounts, if any, for which no account owner date of birth is recorded in the Company's records.

In addition, a dividend or other distribution from a retirement account is escheatable if the distribution remains unclaimed and there has been no other Owner-Generated Activity

⁶ Roth IRAs which are owned by persons who are still alive shall be escheatable based upon the specific standards of any Signatory State whose law provides for such escheatment.

regarding the distribution during the Dormancy Period. The Dormancy Period begins on the date the distribution was issued.⁷

C. Other Abandoned Property

In additional to the foregoing, other property within the Scope of the Audit shall be escheatable to a Signatory State if, among other facts and circumstances concerning the property, there has been no Owner-Generated Activity regarding the property for the Dormancy Period, the Company cannot locate the property owner through due diligence, the Parties mutually agree that the property is abandoned, and the Parties mutually agree that remittance of the property to a Signatory State would further the goal of reuniting the property with its rightful owner.

IV. Records and Presumptions

In order to determine whether property is escheatable under the standards set forth in Section III above, Auditor shall analyze the Company's existing records, including those regarding mail returned as undeliverable, the discontinuance of mailings to an account owner, unclaimed distributions, and Owner-Generated Activity related to brokerage accounts.

In addition, the following rebuttable presumptions regarding mail returned as undeliverable and Owner-Generated Activity shall apply. Auditor agrees that before listing any account on a UPR it shall test any presumptions relating to such account against the records delivered by Company.

⁷ The Dormancy Periods for retirement accounts for the Participating States are as follows: Alabama (3YR), Arizona (2YR), Arkansas (3YR), California (3YR), the District of Columbia (3YR), Florida (5YR), Georgia (5YR), Idaho (3YR), Illinois (5YR), Indiana (3YR), Iowa (3YR), Kentucky (3YR), Louisiana (3YR), Maryland (3YR), Massachusetts (3YR), Michigan (3YR), Minnesota (3YR), Montana (3YR), Nebraska (5YR), Nevada (3YR), New Hampshire (5YR cash, 3YR mutual funds/securities), New Jersey (3YR), Ohio (3YR), Oklahoma (7YR), Oregon (2YR), Pennsylvania (3YR), South Carolina (5YR), South Dakota (3YR), Tennessee (5YR), Texas (3YR), Vermont (3YR), Washington (3YR), West Virginia (3YR), and Wisconsin (5YR).

A. Death of Account Owner

For purposes of the Agreement, an account owner who is listed on the United States Social Security Administration's Death Master File ("DMF") or State Vital Statistics database shall be presumed to be deceased, and there shall be a rebuttable presumption that there has been no Owner-Generated Activity regarding the account owner's property and that mail sent to the account owner has been returned to the Company as undeliverable as of the date of death.

B. NCOA Match

If an account owner is or was listed on the United States Postal Service's National Change of Address ("NCOA") database as having moved from the Company's address of record for the owner, then there shall be a rebuttable presumption that mail sent to the account owner has been returned to the Company as undeliverable as of one (1) year after the date that the account owner is shown to not be living at such address of record according to NCOA.

C. Undeliverable Address

If the Company's address of record for the account owner is established through AccuZIP or equivalent software containing the United States Postal Service's Coding Accuracy Support System ("CASS") certified address matching software to be an address the U.S. Postal Service does not recognize as a deliverable address, then there shall be a rebuttable presumption that mail sent to the account owner has been returned to the Company as undeliverable for the relevant Dormancy Period.

D. Property Records

If state or local real estate records show that the account owner is not living at the Company's address of record for the account owner, or it is mutually agreed by the Company and Auditor that the address of record is no longer current, then there shall be a rebuttable presumption that mail sent to the account owner has been returned to the Company as

undeliverable as of the date that the account owner is shown to not be living at the address of record according to such records or mutual agreement.

E. Refutation of Presumptions

The rebuttable presumptions regarding the death of the account owner, an NCOA match, an undeliverable address, and property records set forth in subsections A through D above shall be considered definitively refuted and property will not be escheatable under these presumptions if the account owner (1) is alive and (2) has been contacted at the Company's current address of record or some other address within the last three (3) or five (5) years, or other applicable Dormancy Period. Additionally, notwithstanding anything to the contrary herein, property shall not be escheatable under the presumptions set forth in subsections A through D above if there has been Owner-Generated Activity within the last three (3) or five (5) years, or other applicable Dormancy Period.

V. Submission of Data and Unclaimed Property Reports

The Company and Auditor shall work cooperatively and in good faith to provide Auditor with complete, accurate, and functional data within the Scope of the Audit.

A. First Data Set and UPR

The first data set ("the First Data Set") shall include data relating to all property in the Company's custody which has been identified as escheatable prior to December 31, 2014 but not remitted to the Participating States pursuant to their direction. The First Data Set shall be provided by the Company to Auditor within forty-five (45) days after the Effective Date. Within one (1) month of receipt of the First Data Set, Auditor shall review the First Data Set and submit a UPR to the Company identifying all escheatable property from the First Data Set. Within sixty (60) days after receipt of such UPR, the Company shall remit the property identified on the UPR

which it agrees is escheatable to the relevant states. Any disputes regarding whether any account is escheatable shall be resolved in accordance with Sections VII and VIII hereof.

B. Second Data Set and UPR

The second set of data (the “Second Data Set”) shall include all remaining property within the Scope of the Audit for which Auditor has made requests prior to December 31, 2014. The Company shall provide the Second Data Set to Auditor within four (4) months of the Effective Date. As soon as practicable, but in no event later than three (3) months after receipt of such data, Auditor shall provide the Company with a report (the “Data Completion Report”) identifying accounts or groups of accounts for which the data it has received is complete, accurate, and functional (the “Complete Data Accounts”), and any data it has received which is incomplete, inaccurate, and/or non-functional. The Company and Auditor shall work together to remedy existing deficiencies in such incomplete, inaccurate, and/or non-functional data.

Within three (3) months of the provision of the Data Completion Report, Auditor will submit a UPR to the Company identifying the Complete Data Accounts which Auditor reasonably believes are escheatable prior to January 1, 2015. Auditor shall use good faith efforts to include all escheatable Complete Data Accounts on the second UPR, but Auditor, after providing notice to the Company, may from time to time during the term of this Agreement amend the UPR to remove accounts from or add accounts to the second UPR. Any such amendment (individually an “Amendment” and collectively the “Amendments”) shall be in writing and processed by the Company in accordance with Section VI below.

VI. Response and Remittance Plan

Within forty-five (45) days after the Company’s receipt of the second UPR, the Company shall deliver to Auditor for its approval, which Auditor shall not unreasonably withhold, a

detailed timeline and plan (the “Response and Remittance Plan”) providing for the Company’s review, due diligence pursuant to Section IX below, analysis, dispute and/or remittance of the escheatable Complete Data Accounts listed on the second UPR. The date on which Auditor approves the Response and Remittance Plan is hereinafter called the “Approval Date.” The Response and Remittance Plan shall provide that the Complete Data Accounts be processed in a manner so that at least 25% of the accounts be reviewed, subject to Section IX due diligence, and remitted within six (6) months of the Approval Date; at least 50% of the accounts be reviewed, subject to Section IX due diligence, and remitted within twelve (12) months of the Approval Date; at least 75% of the accounts be reviewed, subject to Section IX due diligence, and remitted within eighteen (18) months of the Approval Date; and the balance reviewed, subject to Section IX due diligence, and remitted within twenty-four (24) months of the Approval Date (the “End Date”).

The Company shall use reasonable efforts to process accounts and remit escheatable property identified by Auditor by Amendments prior to the End Date, but in no event shall the Company be required to complete its review, due diligence, and any remittance with respect to such property in less than six (6) months after the Company’s receipt of the Amendment identifying such property. In the event that the Company shall require an extension of time with respect to the review and remittance of any specific account identified on the UPR or an Amendment by reason of the complexity of the data or context of the account, the Company shall request such extension in a writing identifying the specific account or accounts for which the extension is sought and the reason therefor, and the Company shall be entitled to an extension of up to four (4) months from the date such account(s) was originally scheduled to be

remitted under the Response and Remittance Plan to review, identify what if any amount is escheatable, perform Section IX due diligence, and remit such amount.

The Company and Auditor agree to use reasonable efforts (which shall not be deemed to include the use of overtime labor) to cooperate to expedite the processing and remittance of amounts escheatable under this Agreement.

VII. Disputed Property

In accordance with the Response and Remittance Plan, the Company shall provide Auditor with a list of any property the Company disputes is escheatable (the “Disputed Property”) after its review of the second UPR. The list will specify the reasons underlying the Company’s contention that the Disputed Property is not escheatable. Where the grounds for the dispute are based on documents or data that have not been previously provided to Auditor, Company shall provide such data or documentation with such list. Auditor agrees that if the Disputed Property meets the criteria set forth below, it shall be removed from the UPR and the Company shall have no obligation to escheat the same pursuant to this Agreement:

(a) the property does not meet, or no longer meets, the standards for escheatment specified in Section III above;

(b) where a presumption that there has been no Owner-Generated Activity regarding the property and that mail sent to the account owner has been returned as undeliverable has arisen due to a DMF match, there has been a communication (including without limitation any Owner-Generated Activity) from or confirmed contact with a beneficiary of the account, or from or with the estate executor or other person having a legal or equitable right to ownership or custody of the property, after commencement of the Dormancy Period and within the last three (3) or five (5) years, or other applicable Dormancy Period;

(c) where a presumption that mail sent to the account owner has been returned as undeliverable has arisen due to an NCOA or real estate records match or an address being non-CASS-compliant, the account owner has elected to receive all communications via email, and the account owner's email address is valid and currently capable of receiving electronic mail;

(d) where non-return of mail sent by the Company to an account owner is sufficient under the law of a particular Signatory State to prevent property from being presumed abandoned, and an account owner's address is not presumed to be undeliverable under the Agreement, the Company has sent such mail to the account owner within the Dormancy Period and the mail has not been returned to the Company;

(e) the property was forfeited under an employment-based plan containing a provision for forfeiture or authorizing the plan administrator to declare a forfeiture of an account of a participant or beneficiary, as applicable, who cannot be found after a period of time specified in the plan, where the plan was not terminated or abandoned prior to the date of the forfeiture; and

(f) the property is not within the Scope of the Audit.

VIII. Dispute Resolution

The Company and Auditor shall use reasonable efforts to resolve any disagreement regarding the Disputed Property. If any dispute shall not be resolved prior to the date which is thirty (30) days after the End Date, such dispute shall be referred to the applicable Signatory State for resolution pursuant to that State's existing laws and regulations. The Parties agree that the existence of an unresolved dispute as to reporting and remitting of a Disputed Property shall not affect the duty to report and remit other property as to which no dispute exists. Similarly, the Parties agree that the existence of an unresolved dispute as to a particular Signatory State shall

not affect any duty to report and remit undisputed property to other Signatory States, nor the obligation of those other Signatory States to provide the releases and waivers referred to herein. The dispute resolution process set forth in this Section shall not be applicable to any dispute that may arise between a Signatory State and a non-Signatory State.

IX. Due Diligence

The Company shall perform due diligence on property that is escheatable under the Agreement prior to remittance to a Signatory State. The Company may use any means it determines appropriate to perform due diligence but must at a minimum perform the due diligence described herein.

If the Company has an address for an account owner which its records do not indicate is incorrect, the Company shall mail at least one letter to the account owner reminding the owner that s/he has property in the custody of the Company and informing the owner that such property will be escheated if the owner does not make contact with the Company. If the Company has an address for the account owner which its records indicate is incorrect, the Company shall conduct an address database search in order to try to obtain a correct address for the account owner. If the Company obtains an address which it believes to be correct, the Company shall mail at least one letter to the account owner containing the information described above. The Company shall not be required to perform a database search if it has already performed such a search, if the account owner is deceased, if the account holder is not a natural person, if the value of the account is below the threshold for due diligence required by the applicable state, or if the value of the property at issue is less than \$25.

If the Company makes contact with the account owner, a beneficiary of the account, or other person legally or equitably entitled to ownership or custody of the property, the Company

shall record the date of contact, the name of the person contacted, and the address, telephone number, and/or email address of the contacted person.

Within ten (10) business days following the end of each six (6) month period specified in the Response and Remittance Plan for the review, due diligence, and remittance of each of the four tranches of the second UPR population, the Company shall provide Auditor with a list of all account owners, beneficiaries, or other persons legally entitled to ownership or custody of the property with whom it has made documented contact as a result of the due diligence process.

X. Remittance of Property

A. State of Remittance

Property shall be remitted to the state of the last known address of the owner of the property as shown on the Company's books and records. Property shall not be reported and remitted under the Agreement to the state of incorporation of the Company unless the Company's books and records show that the last known address for the owner of the property was in the state of incorporation, the Company's books and records do not contain a last known address for the owner of the property, or the last known address of the owner of the property is outside the United States.

B. Timing and Coordination of Remittance

Property within the Scope of the Audit shall be remitted by the Company to the Signatory State in accordance with the Response and Remittance Plan, either through Auditor or in accordance with Auditor's reasonable instructions, and shall be reported by the Company to Signatory States with a notation indicating that the report is made pursuant to the Audit. The Company shall provide Auditor with a copy of all such reports and remittances. No property identified on a UPR, or otherwise within the Scope of the Audit, shall be included in any annual

filings or any supplemental filings made by the Company to the Signatory States. During the term of this Agreement, the Company shall provide Auditor with a draft, subject to further modification by Company, of all annual or supplemental filings to the Participating States, as well as all returned mail, unclaimed distribution, and last Owner-Generated Activity dates for the accounts identified on such drafts, at least six (6) weeks prior to the remittance of any property in accordance with current practices.

C. Property Remitted

Property shall be remitted to the appropriate Signatory State without deduction of any fees for the escheatment of property, except as otherwise permitted by law, provided, however, that deductions for customary charges of the Company imposed without regard to escheat status (e.g., annual administrative fees assessed on all customers, amounts owed on account of margin) shall be permitted. Neither the Company nor any agent acting on its behalf will charge account owners, beneficiaries, or other persons legally entitled to ownership or custody of the property any costs associated with the Agreement, nor charge or require such owners to pay any amounts for address searches, customer outreach, or to be re-united with any property identified on a UPR.

D. Waiver of Penalties and Interest

The Signatory States agree to waive any and all penalties and interest on any property escheated under the Agreement.

XI. Data Protection

(a) Auditor agrees that the provisions of the Nondisclosure Agreement signed by the Company on June 12, 2013 and countersigned by Auditor on January 8, 2013 (the “NDA”), a copy of which is attached hereto as Schedule E, shall apply in all respects to the data provided by

the Company pursuant to this Agreement as if restated and incorporated herein. Auditor agrees that it will not engage any subcontractors or consultants, including, without limitation, any that would be classified as “cloud” service providers, such as Amazon or Google, to review, analyze, or have access to such data and only employees of Auditor will have access to the data provided by Company.

(b) Auditor represents that it is in compliance with the practices and procedures reported in the Service Organization Controls (SOC) 2 report dated November 4, 2014 issued by The Moore Company.

(c) Auditor agrees that, excepting any reports it is required to submit to the Signatory States pursuant to contracts with the Signatory States, it will destroy all “Information” (as that term is defined in the NDA) provided by the Company pursuant to this Agreement when it is no longer necessary in a conclusive fashion so as to assure that such Information may not be recoverable following its destruction (including, where appropriate, by burning, shredding, or pulverizing such Information, or by taking such other means as to assure that such Information may not be recoverable following its disposal). Upon request of the Company, an officer of the Auditor will confirm in writing to the Company that all such Information has been destroyed.

XII. General Provisions

(a) The Company shall provide all requested data from its administrative and unclaimed property systems, including data in the possession of third parties working for the Company from whom the Company has a right to obtain data (but excluding third party proprietary software or formatting, if any), which could reasonably lead to or help identify property within the Scope of the Audit. Such data shall include, without limitation, account

owner demographics, all information regarding returned mail or the discontinuance of mail to an account owner, and transactional and administrative activity regarding accounts and all codes related thereto. Additionally, the Company shall make its employees, consultants, and third party administrators available after reasonable prior notice to respond to queries made by Auditor's personnel concerning, and for real-time testing and verification of, the data provided by Company. The Signatory States agree that provision of such data is not in violation of state law.

(b) The Parties recognize the importance of reconciling property related to or originating from brokerage accounts that is not currently identified with an owner, whether held in suspense accounts or elsewhere. The Company shall therefore make reasonable efforts to identify any such un-identified property with the proper owner. In addition, reasonably promptly after any property within the Scope of the Audit has been escheated to Delaware, Company's state of incorporation, due to an absence of information in the Company's books and records regarding the account owner's state of residence, the unclaimed property reports filed with Delaware regarding such property (as well as supporting documents and/or data, if requested) shall be provided to Auditor for review to ensure that such owner-related information does not exist. If it is mutually agreed by Auditor and Company that property escheatable to a Signatory State was escheated to Delaware in error, the Company shall use reasonable efforts, including the filing of amended reports, to have such property returned to it so that the property may be escheated to the appropriate State.

(c) Upon request, the Company agrees to provide reasonable assistance to a Signatory State to aid the Signatory State in determining the validity of claims made upon property remitted under the Agreement.

(d) If property is reported and remitted to a Signatory State in accordance with the Agreement, the Company shall be deemed to have made its remittance in “good faith” in accordance with the UP Laws of all Signatory States.

(e) Upon property being reported and remitted to a Signatory State in accordance with the Agreement, the Signatory State agrees to release, discharge, indemnify, and hold the Company harmless to the extent authorized by, and in accordance with, the UP Laws of the Signatory State related to "good faith" payment or delivery and reporting of property, which are incorporated herein by reference.

(f) Upon the Company’s submission of the reports and remittances specified in Sections VI and X of the Agreement to a particular Signatory State, that Signatory State hereby agrees to release the Company, its subsidiaries and affiliates from all claims, demands, interest, penalties, actions, liabilities or causes of action that the Signatory State may have regarding, arising out of, or relating to any unclaimed property associated with property within the Scope of the Audit, provided, however, that such release (the “Release”) shall not include any property for which data was requested by Auditor but not provided by Company to Auditor. Any disputes regarding to which State certain property should be remitted shall not affect the Release by any State of Company and its subsidiaries and affiliates, nor shall any disputes regarding whether certain property should be remitted affect the Release by any State with respect to reports or remittances made by Company and its subsidiaries and affiliates. Furthermore, any immaterial failure to make a report or remittance as to particular property shall not affect the Release as to property that has been remitted. Auditor shall give notice to the Company of any property for which data was furnished by Company but which Auditor is unable to process. The Company shall have six (6) months after such notice to correct the conditions underlying the Auditor’s

inability to process the data so that such property may be included within the Release of the Signatory States specified in this subsection (f).

(g) The Signatory States agree to maintain the confidentiality of information voluntarily disclosed by the Company concerning the business processes and trade secrets of the Company to the extent permissible under each Signatory State's laws, and shall only disclose such information to the extent required under each Signatory State's laws.

(h) Neither the Agreement, nor any act performed or document executed in furtherance of the Agreement, nor any discussions or communications leading to the Agreement, is now or may be deemed in the future to be an admission or evidence of liability or wrongdoing by the Company or any of its current or former affiliates, subsidiaries, officers, directors, employees, agents, or representatives with respect to the subject matter of the Audit. In addition, Auditor's comparison of the Company's account owners against the databases described in Section IV above shall not be construed to imply that the Company was or is required by any law or regulation to perform such comparisons, nor shall it establish any precedent or obligation for the Company to perform such comparisons for the purpose of identifying unclaimed property for any purpose including, but not limited to, future reporting cycles.

(i) The Company shall be excused from its performance under the Agreement, shall not be deemed to have breached the Agreement, and shall not be liable in damages or otherwise in the event of any delay or default in performance under the Agreement resulting from a circumstance not within the reasonable control of the Company including, but not limited to, damage to or destruction of Company's property, systems, or facilities. Notwithstanding such circumstances, the Company shall exercise reasonable diligence to perform its obligations under the Agreement and shall take reasonable precautions to avoid the effects of such circumstances

to the extent that they may cause delay or default with respect to the Company's ability to perform its obligations under the Agreement.

(j) The Agreement and its Schedules constitute the entire agreement of the Parties with respect to the matters referenced herein and may not be amended or modified, nor may any of its terms be waived, except by an amendment or other written document signed by the Parties hereto.

(k) The Agreement shall not confer any rights upon any person or entities other than the Parties and is not intended to be used for any other purpose. Nothing in the Agreement shall be construed to provide for a private right of action to any person or entity, nor shall the Agreement be deemed to create any intended or incidental third party beneficiaries.

(l) The Parties may mutually agree to any reasonable extensions of time that might become necessary to carry out the provisions of the Agreement.

(m) Each Signatory State agrees that the individual signing the Agreement on its behalf has authority to do so.

(n) In the event of a breach or claimed breach of this Agreement by the Company and/or one or more Signatory State(s), such breach or claimed breach shall not constitute a termination or breach of the Agreement, or affect the enforceability of this Agreement, as between the Company and the other unaffected Signatory State(s).

(o) The Agreement may be executed in counterparts, but shall not be effective except as provided for in Section II above. Signatory States will execute the Agreement by signing a signature page in the form, as applicable, of **Schedule C** or **Schedule D** hereto.

Morgan Stanley
Morgan Stanley Distribution, Inc.
Morgan Stanley Smith Barney LLC
Morgan Stanley & Co. LLC

By: _____ Date: _____

Eric Grossman
Their: Authorized Signatory

Verus Financial LLC
(as authorized third-party auditor of the Participating States)

By: _____ Date: _____

James E. Hartley, Jr.
Its: Chief Executive Officer

EXHIBITS

Schedule A: Participating States

Schedule B: Unclaimed Property Report Format

Schedule C: Form of Signatory State Signature Page

Schedule D: Form of Signatory State Signature Page for Additional States or Jurisdictions

Schedule E: Nondisclosure Agreement Effective June 12, 2013

SCHEDULE A

PARTICIPATING STATES

The following is a list of the state unclaimed property departments or divisions participating in the unclaimed property Audit that Auditor is conducting of the Company:

The Alabama State Treasurer (“Alabama”)
The Arkansas Auditor of State (“Arkansas”)
The Arizona Department of Revenue (“Arizona”)
The California State Controller's Office (“California”)
The District of Columbia Office of the Chief Financial Officer (“District of Columbia”)
The Florida Department of Financial Services (“Florida”)
The State of Georgia, Department of Revenue (“Georgia”)
The Idaho State Treasurer’s Office, Unclaimed Property Program (“Idaho”)
The Treasurer of the State of Illinois (“Illinois”)
The Office of the Indiana Attorney General (“Indiana”)
The Iowa State Treasurer’s Office (“Iowa”)
The Kentucky State Treasury (“Kentucky”)
The State of Louisiana, Department of the Treasury, Division of Unclaimed Property (“Louisiana”)
The Comptroller of Maryland, Compliance Division, Unclaimed Property Unit (“Maryland”)
The Commonwealth of Massachusetts, Office of the State Treasurer, Abandoned Property Division (“Massachusetts”)
The State of Michigan, Department of the Treasury, Unclaimed Property Division (“Michigan”)
The Minnesota Department of Commerce, Unclaimed Property Division (“Minnesota”)
The Montana Department of Revenue, Business and Income Tax Division (“Montana”)
The Nebraska State Treasurer's Office (“Nebraska”)
The Nevada Office of the State Treasurer (“Nevada”)
The New Hampshire State Treasury, Abandoned Property Division (“New Hampshire”)
The State of New Jersey, Department of the Treasury (“New Jersey”)
The Ohio Department of Commerce, Division of Unclaimed Funds (“Ohio”)
The Oklahoma State Treasurer’s Office (“Oklahoma”)
The Oregon Department of State Lands (“Oregon”)
The Pennsylvania Treasury, Bureau of Unclaimed Property (“Pennsylvania”)
The Rhode Island General Treasurer (“Rhode Island”)
The South Carolina State Treasurer’s Office (“South Carolina”)
The South Dakota Office of the State Treasurer, Unclaimed Property Division (“South Dakota”)
The State of Tennessee, Treasury Department (“Tennessee”)
The Texas Comptroller of Public Accounts, Unclaimed Property Division (“Texas”)
The Vermont Office of the State Treasurer (“Vermont”)
The State of Washington, Department of Revenue, Unclaimed Property Section (“Washington”)
The West Virginia Office of the State Treasurer (“West Virginia”)
The Wisconsin State Treasurer (“Wisconsin”)

SCHEDULE B

UNCLAIMED PROPERTY REPORT FORMAT AND INFORMATION

Report Format:

The following schedule sets forth the specific data elements that shall be provided for accounts listed on a UPR (the first UPR, containing property already identified as escheatable during the course of the Audit, may not contain all data elements listed below). Each data element represents a column heading on a report. Prior to the submission of a UPR, the Company and Auditor will meet in order to make any changes to the column headings that are operationally necessary and mutually agreeable.

Data elements that represent Company data are indicated with a “(C),” data elements that represent Auditor data are indicated with a “(A),” data elements that represent DMF or State Vital Statistics data are indicated with a “(DMF/SVS),” data elements that represent NCOA data are indicated with a “(NCOA),” data elements that represent AccuZIP data are indicated with a “(Accu),” data elements that represent Real Estate records data are indicated with a “(RE),” and data elements that represent YES/NO are indicated with a “(Y/N).”

UNCLAIMED PROPERTY REPORT

Company Code (C)
Admin System (C)
Auditor Record Control ID (A)
Account Number (C)
Account Type (C)
Account Owner Full Name (C)
Account Owner Address (C)
Account Owner State (C)
Account Owner SSN (C)
Account Owner Date of Birth (C)
Escheatment Trigger Date (A)
Escheatment Reason: RPO, Inactivity, Unclaimed Distribution, RMD, or Death (A)
DMF/SVS Match (Y/N) (A)
DMF/SVS Date (DMF/SVS)
NCOA Match (Y/N) (A)
NCOA + 1Y Date (NCOA)
AccuZIP Match (Y/N) (A)
AccuZIP Date (A)
Real Estate Records Match (Y/N) (A)
Real Estate Move Date (RE)
Dormancy Period Expiration Date (A)
State of Escheatment (A)
NAUPA Code (A)
Property in Account (C)

SCHEDULE C
FORM OF SIGNATORY STATE SIGNATURE PAGE

The undersigned Participating State, as identified in the attached **Schedule A**, agrees to enter into the Morgan Stanley Audit Resolution Agreement as a Signatory State.

[SIGNATORY STATE]

By: _____

Date: _____

Its: _____

SCHEDULE D

**FORM OF SIGNATORY STATE SIGNATURE PAGE
FOR ADDITIONAL STATES OR JURISDICTIONS**

The undersigned agrees to enter into the Morgan Stanley Audit Resolution Agreement as a Signatory State, in accordance with Section II.B of the Agreement.

[SIGNATORY STATE]

By: _____

Date: _____

Its: _____

SCHEDULE E
NONDISCLOSURE AGREEMENT EFFECTIVE JUNE 12, 2013