

**Morgan Stanley**  
**AT WORK**

**Equity Solutions**

# **Executive Financial Services**



# Strategies for Managing Your Wealth

We understand the regulatory challenges you face as an executive and a key insider when trying to access the assets within your corporate equity compensation plan. The experienced professionals on our Executive Financial Services (EFS) team can partner with your Morgan Stanley Financial Advisor to deliver specialized guidance and tailored solutions to help you meet your unique needs. Specifically, we help you navigate complex regulatory issues and gain flexible access to your wealth.



# A Commitment to Excellence

Whether you're part of a company which is public or is considering going public, your Financial Advisor is dedicated to working with you, the EFS team, and your corporate counsel to build and manage a customized strategy that will help you meet your investment and financial objectives, whatever they may be.

Morgan Stanley has the expertise in a variety of programs, strategies and services including:

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# A Diversity of Experience and Expertise

Executive Financial Services (EFS) is a specialized, dedicated team of knowledgeable professionals, that focuses exclusively on meeting the needs of corporate executives and other holders of concentrated positions. We leverage our experience, knowledge and specialized skills, while providing access to the global resources of Morgan Stanley to provide you with wealth management services.

The benefits of working with our dedicated EFS team include:

## **Specialization**

While offering premier service and guidance, our EFS professionals can help you comply with the Securities and Exchange Commission (SEC) rules and regulations that affect your stock holdings.

## **Proficiency**

Our team, partnering with your Financial Advisor, delivers comprehensive and customized solutions to executives, board members and key insiders looking to sell stock, while helping you comply with SEC regulations and corporate insider trading rules. We have been the market leader in the Rule 10b5-1 & 144 businesses for more than a decade.<sup>1</sup>

## **Customization**

EFS works with your Financial Advisor to structure, draft and execute diversification strategies tailored to your specific risk management, investment and liquidity objectives.







# A Smart Solution for a Common Dilemma

## 10b5-1 At a Glance

Corporate executives frequently come into possession of material non-public information and face quarterly or special blackout periods that restrict market access to trading their company stock. As a result, they are often left with narrow windows and sometimes unpredictable opportunities to execute transactions.

Morgan Stanley's 10b5-1 Preset Diversification Program® (PDP) was designed specifically to address these issues. By adopting a PDP, you can establish an affirmative defense against claims of insider trading and structure a set trading schedule that coordinates with your personal need for liquidity or diversification and your timing requirements (such as the vesting dates for stock options and restricted stock plans). What's more, our industry-leading platform and separate desk structure support the affirmative defense that Rule 10b5-1 can offer.

# Specialized Resources Focused on You

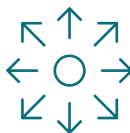
Our team of 10b5-1 PDP specialists works closely with your Financial Advisor to structure, draft and adopt a 10b5-1 trading plan. This process puts diversification on “autopilot” and provides discipline during market fluctuations—all while supporting you in the pursuit of your investment objectives.

Once adopted, your plan will be executed by our dedicated 10b5-1 PDP trading desk, a team of traders focused solely on 10b5-1 plans. By keeping our specialists and traders separate and distinct from your Financial Advisor and their team, we ensure that our EFS team will work closely to handle your unique needs while providing you immediate open lines of communication to your Financial Advisor.

When you work with our specialized team and set up a 10b5-1 plan, you receive these important advantages:



Can provide an affirmative defense against potential claims of insider trading



Access to public markets without regard to corporate blackout periods



Reduced risk associated with a concentrated equity position through diversification



Filing of required Rule 144 forms, on your behalf, by Morgan Stanley



Prompt execution notification to facilitate Section 16 filing requirements

# First-Class Service From a Market Leader



## Leadership

We have been ranked No. 1 over the past 16 years in 10b5-1 services.<sup>1</sup>



## Experience

Our EFS team has an average of over 10 years of 10b5-1 trading plan experience.



## Service

We have executed more than 37,600 plans for more than 1,900 issuers.

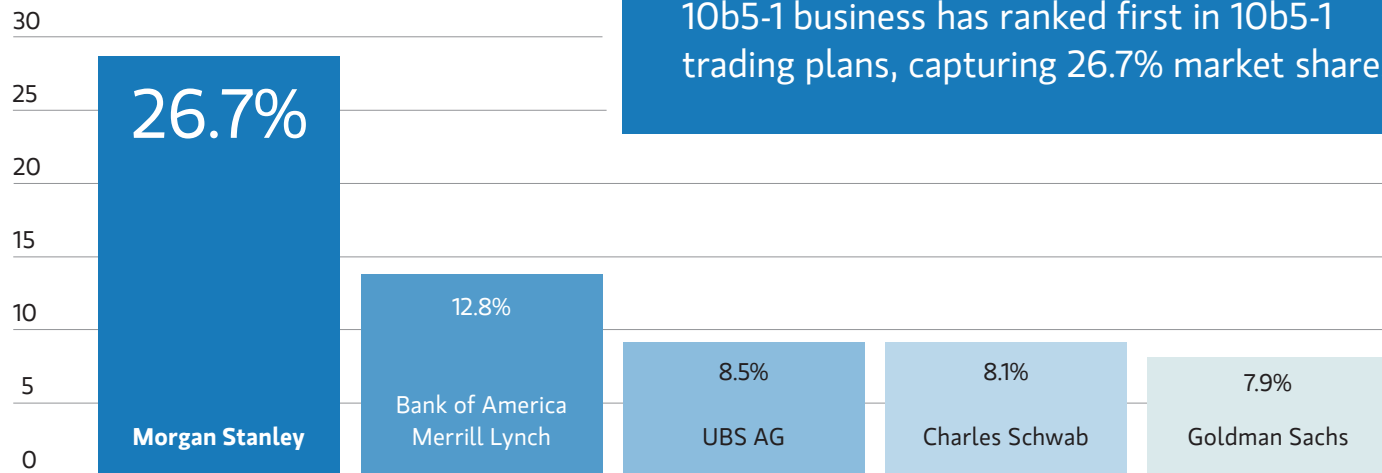


## Scope

We are proud of our client list, which includes a diverse range of companies, whether viewed by market cap, industry sector or stage in the company life cycle.



# 10b5-1 Market Data — 2005 through 2020



<sup>1</sup> Reprinted with the permission of The Washington Service. 301-913-5100, [www.washingtonservice.com](http://www.washingtonservice.com). The Washington Service tracks insider trading information filed with the Securities and Exchange Commission. The above data is compiled by The Washington Service from Form 144 filings in the period from 2/1/2005 to 12/31/2020; ranking is based on aggregate data for this period. Data from the period 2/1/2005 to 5/31/2009 reflects the formerly separate businesses of the Global Wealth Management Group of Morgan Stanley & Co. LLC and the Smith Barney division of Citigroup Global Markets Inc. that now form Morgan Stanley Smith Barney LLC. This data also includes transactions from Morgan Stanley & Co. LLC. Information contained herein was obtained from sources believed reliable, but the accuracy and completeness thereof cannot be guaranteed. Information contained herein is subject to change. Morgan Stanley numbers may include Shareworks transactions if filed under Morgan Stanley Smith Barney LLC.

# Restricted and Control Stock Opportunities

As an executive and key contributor to your company's success, you are often awarded restricted or control stock to acknowledge your contributions. While such rewards are beneficial and offer opportunities for personal financial growth, they do carry certain limitations.

Our EFS team helps you comply with the myriad of SEC rules governing restricted and control stock as well as the conditions set forth in your company's applicable policies and procedures when making open market sales. To achieve this, our EFS professionals:

- Perform SEC resale exemption due diligence
- Assemble necessary documentation, such as broker and seller representation letters
- File Rule 144 forms, as necessary
- Facilitate Section 16 officer filing requirements
- Coordinate with a transfer agent, if the transaction involves restricted stock

## Control Securities

Control stock can be acquired through the open market or registered stock option exercise and is owned by individuals or entities who directly or indirectly control the management of the issuer—typically, senior officers, directors and certain large shareholders—often referred to as “affiliates.” Keep in mind, it is the security holder's ability to control the company, and not how the stock was acquired, that determines whether the securities are “control securities.”

## Restricted Securities

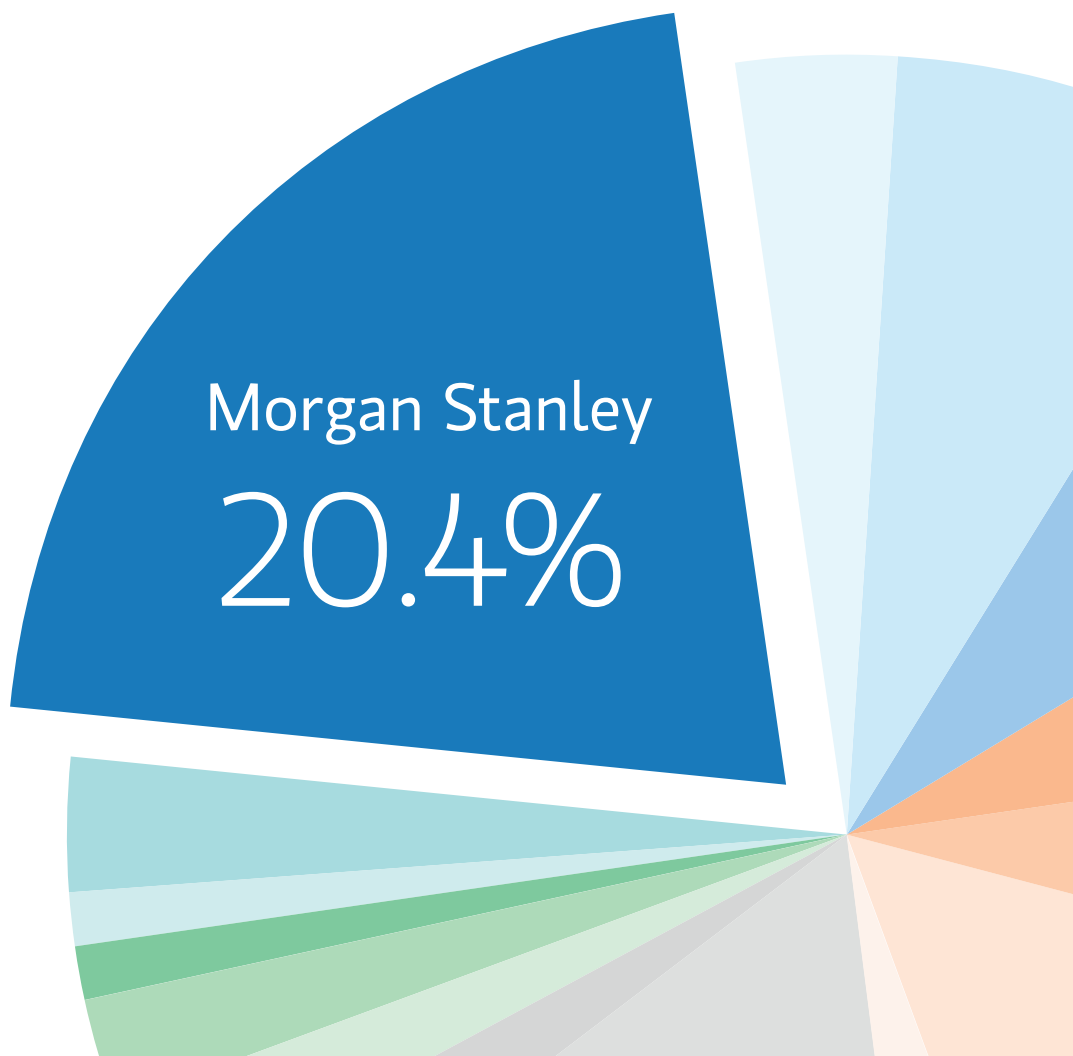
Restricted securities may be acquired in an unregistered transaction, obtained from a company or an affiliate of the company in a private transaction or received as compensation. If you have restricted stock, it will usually have a “legend” stamped on the stock certificate indicating the stock is not registered for public sale.

## 2005–2020 Rule 144 Market Share

A leader in Rule 144 transactions  
for the past 16 years.<sup>2</sup>

<sup>2</sup>

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# Sophisticated Liquidity Strategies

Individuals with eligible restricted or control stock may not want — or be permitted — to readily sell their securities. But that doesn't mean these assets need to stay idle. If qualified, a loan secured by eligible securities may be able to put these assets to work.

The EFS team will work to vet the specific securities involved to confirm they are eligible as collateral and can be used to help with your financing needs. Our team will then work with your Financial Advisor and a Morgan Stanley Private Banker<sup>3</sup> to determine the products and services that may be most appropriate for you while helping to navigate the regulatory requirements and ensuring all proper documentation is in place.

## Leveraging Your Wealth

Securities based loans (SBL) may help you unlock the value of your portfolio so you may:

- Purchase real estate or complete home renovations
- Finance personal interests, such as a private foundation
- Pay education expenses
- Pay tax liabilities
- Provide funds for weddings or other life-event requirements
- Consolidate debt
- Make large purchases
- Cover unexpected events

<sup>3</sup> Private Bankers are employees of Morgan Stanley Private Bank, National Association.

# The Types of Loans Eligible Securities Can Secure Include

## **SECURITIES BASED LOANS**

A flexible loan or line of credit using securities in a Morgan Stanley brokerage account as collateral. A securities based loan may be a cost-effective financing alternative for applicants who qualify.

## **MARGIN LOANS**

A traditional brokerage loan enabling the purchase of additional securities to diversify an investment portfolio. This strategy may be used to expedite ownership requirements.

## **TAILORED LENDING**

Tailored loans may use different assets and asset classes as collateral based on an individual's unique needs.



Borrowing against securities may not be appropriate for everyone. You should be aware that there are risks associated with a securities based loan, including possible maintenance calls on short notice, and that market conditions can magnify any potential for loss. For details, please see the important disclosures at the end of this brochure.



# Wealth Transfer and Gifting Opportunities

Donating restricted or control stock can bring many benefits—to you and the charity of your choosing—while having an enduring impact on communities and future generations.

You can make contributions to a favored nonprofit organization without tapping cash reserves or liquidating other assets. By donating restricted or control stock, you can actually make significantly larger contributions than if you were making donations in cash. That's because gifts to qualified charities are exempt from gift tax and remove these assets from the estate. Such donations may also qualify for current charitable income tax deductions, however, they may be subject to liquidity issues for the charity.

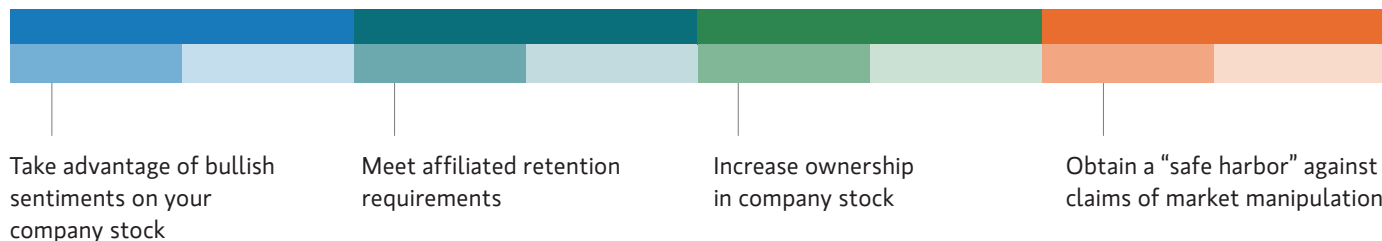
Morgan Stanley's high-touch support team can guide you through various philanthropic giving strategies for restricted or control stock.



# Providing a “Safe Harbor” for Insider Purchases

SEC Rule 10b-18 can provide a “safe harbor” against claims of market manipulation when you purchase shares of your company’s stock in the open market.

You can work with your Morgan Stanley Financial Advisor and our EFS team to utilize this rule and:



# Put Your Wealth to Work

If you find your overall wealth is heavily weighted in company stock or the restrictions placed on the sale of your shares are limiting your personal financial growth, we offer the strategic guidance and sophisticated strategies necessary to gain flexible access to your wealth.

## Getting Started

We look forward to answering specific questions you may have about our Executive Financial Services platform. Please reach out to your Morgan Stanley Financial Advisor, who will walk you through the critical steps to access the specialized guidance and tailored solutions. Or, you can contact EFS directly at [executiveservices@morganstanley.com](mailto:executiveservices@morganstanley.com).



This material does not provide individually tailored investment advice. It has been prepared without regard to the individual financial circumstances and objectives of persons who receive it. The strategies and/or investments discussed in this material may not be appropriate for all investors. It is recommended that investors independently evaluate particular investments and strategies, and encourages investors to seek the advice of a Financial Advisor. The appropriateness of a particular investment or strategy will depend on an investor's individual circumstances and objectives.

Diversification does not assure a profit or protect against loss in declining financial markets. Morgan Stanley Smith Barney LLC ("Morgan Stanley"), its affiliates and, Morgan Stanley Financial Advisors and Private Wealth Advisors do not provide tax or legal advice. Clients should consult their tax advisor for matters involving taxation and tax planning, and their attorney for matters involving trust and estate planning, charitable giving, philanthropic planning and other legal matters.

- Clients executing a PDP should keep the following important considerations in mind:
1. PDPs should be approved by the compliance officer or general counsel of the company.
  2. A PDP may require a cessation of trading activities at times when lockups may be necessary to the company (i.e. secondary offerings, pooling transactions, etc.).
  3. A PDP does not generally alter the restricted stock regulatory requirements (e.g. Rule 144, Section 16, Section 13D) that may otherwise be applicable.
  4. PDPs that are modified or terminated early may weaken or lose the benefit of the affirmative defense.
  5. Public disclosure of PDPs (e.g., via press release) may be appropriate for some insiders.
  6. Most companies will permit PDPs to be implemented only during open window periods.
  7. Morgan Stanley Smith Barney LLC, as well as some issuers, imposes a mandatory waiting period between the execution of the PDP and the first sale pursuant to the PDP.

Preset Diversification Program is a registered trademark of Morgan Stanley Smith Barney LLC, protected in the United States and other countries.

**Securities based loans are provided by Morgan Stanley Smith Barney LLC, Morgan Stanley Private Bank, National Association or Morgan Stanley Bank, N.A., as applicable.**

**Important Risk Information for Securities Based Lending:** You need to understand that: (1) Sufficient collateral must be maintained to support your loan(s) and to take future advances; (2) You may have to deposit additional cash or eligible securities on short notice; (3) Some or all of your securities may be sold without prior notice in order to maintain account equity at required maintenance levels. You will not be entitled to choose the securities that will be sold. These actions may interrupt your long-term investment strategy and may result in adverse tax consequences or in additional fees being assessed; (4) Morgan Stanley Bank, N.A., Morgan Stanley Private Bank, National Association or Morgan Stanley Smith Barney LLC (collectively referred to as "Morgan Stanley") reserves the right not to fund any advance request due to insufficient collateral or for any other reason except for any portion of a securities based loan that is identified as a committed facility; (5) Morgan Stanley reserves the right to increase your collateral maintenance requirements at any time without notice; and (6) Morgan Stanley reserves the right to call securities based loans at any time and for any reason.

Tailored Lending is a loan/line of credit product offered by Morgan Stanley Private Bank, National Association, an affiliate of Morgan Stanley Smith Barney LLC. A Tailored Lending credit facility may be a committed or demand loan/line of credit. All Tailored Lending loans/lines of credit are subject to the underwriting standards and independent approval of Morgan Stanley Private Bank, National Association. Tailored Lending loans/lines of credit may not be available in all locations. Rates, terms and programs are subject to change without notice. Other restrictions may apply. The information contained herein should not be construed as a commitment to lend. Morgan Stanley Private Bank, National Association is a member FDIC that is primarily regulated by the Office of the Comptroller of the Currency. **The proceeds from a Tailored Lending loan/line of credit (including draws and other advances) generally may not be used to purchase, trade or carry margin stock; repay margin debt that was used to purchase, trade or carry margin stock; and cannot be deposited into a Morgan Stanley Smith Barney LLC or other brokerage account.**

The lending products described herein are separate and distinct, and are not connected in any way. The ability to qualify for one product is not connected to an individual's eligibility for another.

Margin Loans are investment products offered through Morgan Stanley Smith Barney LLC. Margin Loans are securities based loans, which can be risky, and are not suitable for all investors.

Morgan Stanley Smith Barney LLC is a registered Broker/Dealer, Member SIPC, and not a bank. Where appropriate, Morgan Stanley Smith Barney LLC has entered into arrangements with banks and other third parties to assist in offering certain banking related products and services.

**Investment, insurance and annuity products offered through  
Morgan Stanley Smith Barney LLC are: NOT FDIC INSURED | MAY LOSE  
VALUE | NOT BANK GUARANTEED | NOT A BANK DEPOSIT | NOT INSURED  
BY ANY FEDERAL GOVERNMENT AGENCY**



