

# Private Market Secondary Transaction Desk

Concierge Trading Desk That Enables Wealth Management Clients to Buy and Sell Private Securities



## What does the Transaction Desk do?

- Serves wealth management clients looking to buy or sell individual private company securities<sup>1</sup>
  - Access to liquidity and diversification of concentrated positions for sellers
  - Direct ownership of shares rather than via a special purpose vehicle or fund for buyers
- Leverages our platform partners, industry relationships and Morgan Stanley's internal network of wealth management clients, family offices, institutions, venture funds, and secondary market participants to explore buy-side demand and sell-side supply



## Who can engage the Transaction Desk?

- Morgan Stanley Wealth Management brokerage clients<sup>2</sup>
- **Buy-side transactions:**
  - Clients must be willing to purchase at least \$250,000 in private company shares per transaction
  - Clients may not seek to purchase more than 5% of their TNW in any individual transaction
    - **U.S. clients:** Must have a minimum \$10MM Total Net Worth ("TNW")
    - **International clients:**<sup>3</sup> Must have a minimum \$50MM TNW
- **Sell-side transactions:**
  - Clients must be willing to sell at least \$500,000 in private company shares per transaction
    - **U.S. clients:** No TNW requirement
    - **International clients:**<sup>3</sup> Must have \$10MM TNW to sell through the desk



## How does the Transaction Desk operate?

- Your Advisor introduces you to the Transaction Desk team
- The Transaction Desk team guides you throughout the transaction process from understanding your preferences (e.g., target price), gathering required documentation, to closing a transaction
- Buyers and sellers agree on valuation and price vs. third party determination
- The Transaction Desk offers a competitive fee structure

<sup>1</sup> Subject to internal conflicts check; limited to private companies incorporated and headquartered in the U.S., Brazil, Mexico, Canada, Israel, Australia, Sweden, the UK, and Ireland, with \$1Bn+ valuation or raised at least a Series C funding round or \$75MM in aggregate funding.

<sup>2</sup> Fully onboarded Morgan Stanley Wealth Management clients who are not subject to backup withholdings and have a legal address in the U.S. or approved international jurisdiction are eligible to access the Transaction Desk service. Note, retirement and advisory accounts are not eligible.

<sup>3</sup> International clients in the following jurisdictions are able to utilize the transaction desk services: Brazil, Mexico, Canada, Israel, and Hong Kong.

The Morgan Stanley Wealth Management ("Morgan Stanley") Private Markets Secondary Transaction Desk ("Transaction Desk") can assist existing clients in identifying potential interest for shares of certain issuers that are not registered pursuant to the Securities Act of 1933, as amended (the "Securities Act") or state securities laws and are not registered on any national securities exchange (collectively, "Private Companies" and, individually, a "Private Company") by coordinating with certain third-party platforms with which Morgan Stanley has entered into arrangements to identify such interest and to which Morgan Stanley has obtained access ("Third-Party Platforms").

Private Company shares are shares that have been issued in private transactions and, as such, have not been registered under Federal and State securities laws. Accordingly, to transact in any such Private Company shares, clients must have an exemption from registration under Federal and State securities laws. The issuer of such Private Company shares also may impose additional restrictions. Clients are responsible for complying with the terms of any applicable exemption from such securities law requirements and any potential Private Company issuer restrictions for each transaction, and they must obtain their own legal counsel to advise in connection with such requirements and Private Company issuer restrictions.

transaction, and they must obtain their own legal counsel to advise in connection with such requirements and Private Company issuer restrictions. Morgan Stanley is not giving any advice as to potential transaction restrictions or clients' ability to transact under applicable securities laws.

Clients must make the determination to seek to transact in Private Company shares through Morgan Stanley on their own or in conjunction with any third-party advisors, including independent legal counsel and accounting, financial, regulatory and tax advisors or other persons not employed by or associated with Morgan Stanley (collectively, "Third-Party Advisors"). While Morgan Stanley provides clients with access to the Transaction Desk to assist in transacting in Private Company shares, Morgan Stanley is not seeking to solicit or recommend and is not soliciting or recommending any such transaction. By seeking the assistance of the Transaction Desk, clients must have the requisite knowledge and experience (either alone or with the assistance of Third-Party Advisors) to make an investment decision regarding such potential Private Company transaction. These disclosures are not intended to describe all risks or considerations of transacting in Private Company shares; clients should consult with Third-Party Advisors regarding such risks and considerations, including the risk of transacting in a market with little or no price transparency or liquidity.

No employee of Morgan Stanley, including but not limited to, employees of the Transaction Desk, any Morgan Stanley Financial Advisor, or any Morgan Stanley Private Wealth Advisor, is or will make any recommendation or provide investment advice in connection with either any Private Company transaction and/or any request for the assistance of the Transaction Desk. While Morgan Stanley and/or the Transaction Desk will assist clients in identifying potential interest in Private Company shares, it is their responsibility to evaluate the terms of any potential transaction and determine on their own or in consultation with Third-Party Advisors as to whether to proceed with such transaction and on the terms proposed.

Morgan Stanley will not be conducting any due diligence on or relating to, and as such will not provide any information regarding, any Private Company issuer whose shares clients seek to transact in with the assistance of the Transaction Desk. To the extent clients deem any due diligence necessary to make the investment decision to transact in the shares of any such Private Company issuer, they must conduct such due diligence themselves or through Third-Party Advisors.

Morgan Stanley and the Transaction Desk will seek to identify potential interest in Private Company shares through the Third-Party Platforms. Private Securities do not trade on any national securities exchange and, as such, any potential liquidity (i.e., the potential for any buying interest that might satisfy sell interest) in such Private Company shares is limited to the buying interest that may be available through the Third-Party Platforms.

The number of Third-Party Platforms is limited and there are other third-party platforms to which Morgan Stanley does not have access. There is the possibility that there may be better prices or more favorable terms and conditions available on platforms to which Morgan Stanley does not have access or through other potential sources of liquidity. The Third-Party Platforms may change from time to time based upon Morgan Stanley's evaluation, in its sole discretion, of such platforms, including but not limited to the ability of such platforms to provide liquidity and/or otherwise to facilitate transactions in Private Company shares for the benefit of Morgan Stanley clients. Each Third-Party Platform is operated by a third-party broker-dealer. As such, Morgan Stanley does not make any representations or warranties with respect to any such independently operated Third-Party Platform, nor does it guarantee the performance or operation of such Third-Party Platform. In some instances, Morgan Stanley may only seek prices from a single Third-Party Platform, and the Transaction Desk will use its discretion to determine which Third-Party Platforms to seek prices from.

Because Private Company shares do not trade publicly on any national securities exchange and are not subject to real-time transaction reporting it can be difficult to determine the market value for any potential Private Company transaction. The prices or other terms and conditions that Morgan Stanley may obtain from the Third-Party Platforms or other Morgan Stanley Clients may not represent valuations or other terms and conditions that others, including but not limited to the issuer of the Private Company shares or other potential counterparties, may provide with respect to such Private Company securities. Morgan Stanley provides no opinion or view on the valuation of any Private Company securities or the sufficiency, fairness or competitiveness of any price obtained; the information needed to value and price Private Company securities (e.g., financial reports) are not publicly available; there may be material differences in prices and demand for Private Company shares among different third-party platforms, and such prices and demand may, at any given time, be materially different than the prices and terms of other transactions in such Private Company securities at, before or after a client's transaction and from the inherent value of the securities; and bids for Private Company securities may be predatory in nature.

The role of the Transaction Desk is limited to assisting clients in identifying potential interest for any Private Company shares they seek to transact in and in coordinating with the other Morgan Stanley clients and Third-Party Platforms to identify such interest. Morgan Stanley will be acting solely as broker on an agency basis in connection with such transaction and, specifically, will not be acting as underwriter, placement, agent, distributor, or in any other capacity in connection with such potential transaction.

Morgan Stanley will receive compensation as broker for assisting clients in identifying potential interest for any proposed Private Company shares. Such compensation will be payable to Morgan Stanley whether the counterparty in any such transaction is identified by the Transaction Desk through the Third-Party Platforms or is the Private Company issuer acting pursuant to any Right of First Refusal or other right or opportunity to purchase the Private Company shares. Morgan Stanley will deduct such compensation from the gross proceeds of any such sale.

Morgan Stanley may share such compensation (a) with any Morgan Stanley Financial Advisor or Private Wealth Advisor who referred and/or introduced the client to the Transaction Desk and/or its services and (b) with any third-party broker-dealer representing or otherwise involved in introducing any counterparty in connection with such transaction. Third-Party Platforms will charge fees to potential counterparties that may negatively impact the offered price.

**CONFLICTS OF INTERESTS.** Morgan Stanley is part of a global financial services firm and, together with our affiliates, Morgan Stanley is engaged in the investment banking, securities and investment management and lending businesses. As part of these businesses, we are

engaged in a variety of services, such as securities underwriting, distribution, trading and brokerage activities, lending, foreign exchange, commodities and derivatives trading, prime brokerage, private placement as well as providing investment banking, financing and financial advisory services. Morgan Stanley also provides various services to security issuers and their employees, including stock plan services and financial education for which Morgan Stanley receives or may have received compensation. In connection with these activities and services, Morgan Stanley and its affiliates may have provided, and may in the future seek to provide, financial advisory and financing services for, and may have received and may in the future receive compensation from, other parties that may become involved in any of the services contemplated herein, including from the Private Company or any other person that may buy or sell Private Securities from you. Clients acknowledge that the interests of Morgan Stanley and its affiliates engaged in providing such financial advisory and financing services may differ from your interests. Although Morgan Stanley in the course of its other activities and relationships may acquire information about the Private Securities, the Private Companies or other entities and persons that may be the subject of the services contemplated by this agreement, Morgan Stanley shall have no obligation to disclose such information, or the fact that Morgan Stanley is in possession of such information, to the client or to use such information on your behalf. Morgan Stanley, its affiliates, directors and officers may at any time invest on a principal basis or manage funds that invest, hold long or short positions, finance positions, and may trade or otherwise structure and effect transactions, for their own account or the accounts of its customers, in debt or equity securities or loans of the Private Company, or any other company, or any currency or commodity, or instrument that may be involved in any of the services contemplated herein, or any related derivative instrument. **ADDITIONAL COMPENSATION FROM OTHER BUYER OR SELLERS.** Clients acknowledge that certain buy or sell interests in your Private Securities that we may source to the client in response to a Request may come from other Morgan Stanley customers and, in addition to any fee or compensation payable by the client pursuant to such Request, we may receive additional fees or compensation from such Morgan Stanley client.

There may be additional fees and expenses incurred in connection with clients' potential transaction in Private Company securities, such as issuer-imposed transaction fees, fees and costs associated with obtaining an opinion of counsel relating the ability to transact in Private Company securities and/or compliance with any applicable exemption from registration under Federal and/or State securities laws and/or fees associated with retaining Third-Party Advisors, and clients are solely responsible for all such fees and expenses.

It frequently takes a longer period of time for transactions in Private Company shares to be completed and closed and clients may remain legally obligated to effect such transaction and will not receive any proceeds from such transaction until such transaction is completed. To the extent that clients seek to terminate such transaction prior to completion, clients may be obligated to pay "break" fees.

Morgan Stanley and/or the Transaction Desk will share with third parties, including but not limited to third-party platforms, potential counterparties on such platforms, broker-dealers representing such potential counterparties, and the issuer of such Private Company shares, information that may constitute personal identifying information with respect to clients in connection with any transaction of Private Company securities. In addition, clients acknowledge that Morgan Stanley may, unless otherwise directed by the client, use or disclose information about the transactions you perform with the Transaction Desk on an anonymized basis.

To the extent that clients are a corporate insider or "affiliate" (as defined in Rule 405 of the Securities Act) of a Private Company subject to Transaction Desk services, they will inform the Transaction Desk of such insider or affiliate status. Clients further acknowledge and agree that: any transaction in the shares of such Private Company through the Private Markets Secondary Transaction Desk (a) will comply with the rules, policies and procedures set forth by such Private Company in respect of transacting in its shares, including the inside trading policies, (b) will comply with applicable law, including the anti-fraud and inside trading provisions of the federal and state securities laws, and (c) will not constitute a breach of any duty owed to the Private Company or its shareholders. To the extent that clients are an entity, they maintain and enforce policies designed to ensure compliance in all material respects with all applicable federal, state or local securities laws, rules or regulations (or rules of any self-regulatory organization) relating to the purchase and sale of securities. Clients further agree and acknowledge that, at no time, will they share any information that could be deemed to be material non-public information regarding any Private Company whose shares the client seeks to purchase or sell with any member of the Private Markets Secondary Transaction Desk. In addition, clients acknowledge and agree that the buyer or the seller, as the case may be, of such Private Securities may be in possession of information with respect to the Private Company that is not known or made available to you and that may be material to a decision to transact in such Private Company Securities.

Morgan Stanley Smith Barney LLC, its affiliates and Morgan Stanley Financial Advisors or 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 and other legal matters.

The sole purpose of this material is to inform, and it in no way is intended to be an offer or solicitation to purchase or sell any security, other investment or service, or to attract any funds or deposits.

Morgan Stanley Wealth Management is the trade name of Morgan Stanley Smith Barney LLC, a registered broker-dealer in the United States.

Neither Morgan Stanley nor the Transaction Desk is obligated to accept or assist with respect to any transaction in any Private Company shares that a client may hold or seek to sell or purchase. Morgan Stanley and the Transaction Desk may, in its sole discretion and without notice, reject any transaction in any Private Company.