

**UNITED STATES OF AMERICA**  
**Before the**  
**SECURITIES AND EXCHANGE COMMISSION**

**SECURITIES EXCHANGE ACT OF 1934**  
**Release No. 92096/ June 3, 2021**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-19793**

_____	:	
<b>In the Matter of</b>	:	<b>ORDER APPOINTING</b>
	:	<b>FUND ADMINISTRATOR AND</b>
<b>Morgan Stanley Smith Barney</b>	:	<b>SETTING ADMINISTRATOR’S</b>
<b>LLC,</b>	:	<b>BOND AMOUNT</b>
	:	
<b>Respondent.</b>	:	
_____	:	

On May 12, 2020, the Commission issued an Order Instituting Administrative and Cease-and-Desist Proceedings, Pursuant to Section 15(b) of the Securities Exchange Act of 1934 and Sections 203(e) and 203(k) of the Investment Advisers Act of 1940, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order (the “Order”)<sup>1</sup> against Morgan Stanley Smith Barney LLC (the “Respondent” or “MSSB”). In the Order, the Commission found that from at least October 2012 until June 2017, MSSB negligently provided incomplete and inaccurate information regarding the trade execution services provided by MSSB and the transaction-based execution costs incurred by clients in wrap fee program accounts, which was misleading to certain retail clients. This information was communicated through various means and indicated that MSSB executed most client trades and clients did not incur transaction-based charges. However, as MSSB was aware, some wrap managers directed most, and sometimes all, client trades to third-party broker-dealers for execution, which resulted in certain clients paying

---

<sup>1</sup> Exchange Act Rel. No. 88856 (May 12, 2020).

transaction-based charges that were not visible to them. Accordingly, certain MSSB clients were unaware that they regularly paid execution costs in addition to MSSB's wrap fee and paid MSSB a wrap fee that included execution services rarely, if ever, rendered by MSSB. The Commission ordered the Respondent to pay a \$5,000,000 civil money penalty to the Commission. The Commission also created a Fair Fund, pursuant to Section 308(a) of the Sarbanes-Oxley Act of 2002, so the penalty paid can be distributed to harmed investors (the "Fair Fund").

The Fair Fund includes the \$5,000,000.00 paid by the Respondent.

The Division of Enforcement now seeks the appointment of Analytics Consulting, LLC ("Analytics") as the fund administrator and requests that the administrator's bond be set at \$5,000,000. Analytics is included in the Commission's approved pool of administrators.

Accordingly, IT IS HEREBY ORDERED that Analytics is appointed as the fund administrator, pursuant to Rule 1105(a) of the Commission's Rules on Fair Fund and Disgorgement Plans ("Commission's Rules"),<sup>2</sup> and shall obtain a bond in accordance with Rule 1105(c) of the Commission's Rules,<sup>3</sup> in the amount of \$5,000,000.

For the Commission, by the Division of Enforcement, pursuant to delegated authority.<sup>4</sup>

Vanessa A. Countryman  
Secretary

---

<sup>2</sup> 17 C.F.R. § 201.1105(a).

<sup>3</sup> 17 C.F.R. § 201.1105(c).

<sup>4</sup> 17 C.F.R. § 200.30-4(a)(17).