

REGISTRATION DOCUMENT

Morgan Stanley

MORGAN STANLEY

(incorporated under the laws of the States of Delaware in the United States of America)

MORGAN STANLEY & CO. INTERNATIONAL plc

(incorporated with limited liability in England and Wales)

and

MORGAN STANLEY B.V.

(incorporated with limited liability in The Netherlands)

This registration document (including all documents incorporated by reference herein, the "**Registration Document**") has been approved by the Luxembourg Commission de Surveillance du Secteur Financier (the "**CSSF**") which is the Luxembourg competent authority for the purposes of Directive 2003/71/EC, as amended (the "**Prospectus Directive**") and relevant implementing measures in Luxembourg as a registration document issued in compliance with the Prospectus Directive and relevant implementing measures in Luxembourg for the purposes of providing information during the period of twelve months after the date of approval of this Registration Document with regard to Morgan Stanley ("**Morgan Stanley**"), Morgan Stanley & Co. International plc ("**MSI plc**"), and Morgan Stanley B.V. ("**MSBV**") as issuers or obligors in respect of debt or derivative securities.

Certain risks relating to Morgan Stanley, MSI plc and MSBV are set out in "*Risk Factors*", commencing on page 1 of this Registration Document.

Each of the Responsible Persons accepts responsibility for the information contained in the relevant document and confirms that, to the best of its knowledge, having taken all reasonable care to ensure that such is the case, the information contained in the relevant document is in accordance with the facts and contains no omission likely to affect the import of such information. "**Responsible Person**" means (i) Morgan Stanley with regard to the Morgan Stanley registration document (the "**Morgan Stanley Registration Document**") which comprises this Registration Document with the exception of (A) Items 7 to 10 in the section entitled "*Information Incorporated by Reference*" set out at pages 14-19; and (B) the Sections entitled "*Description of Morgan Stanley & Co. International plc*" at pages 65-71; and "*Description of Morgan Stanley B.V.*" at pages 72-74, (ii) MSI plc in relation to the MSI plc registration document (the "**MSI plc Registration Document**") which comprises this Registration Document with the exception of (A) Items 1 to 6 and 9 and 10 in the section entitled "*Information Incorporated by Reference*" set out at pages 14-19; and (B) the Sections entitled "*Description of Morgan Stanley*" at pages 20-64; "*Description of Morgan Stanley B.V.*" at pages 72-74; and "*Subsidiaries of Morgan Stanley*" at pages 75-87; and (iii) MSBV with regard to the MSBV registration document (the "**MSBV Registration Document**") which comprises this Registration Document with the exception of (A) Items 1 to 8 in the section entitled "*Information Incorporated by Reference*" set out at pages 14-19; and (B) the Sections entitled "*Description of Morgan Stanley*" at pages 20-64; "*Description of Morgan Stanley & Co. International plc*" at pages 65-71; and "*Subsidiaries of Morgan Stanley*" at pages 75-87.

MORGAN STANLEY

13 June 2014

Important Notices

The distribution of this Registration Document and the offering, sale and delivery of debt or derivative securities in certain jurisdictions may be restricted by law. Persons into whose possession this Registration Document comes are required by Morgan Stanley, MSI plc and MSBV to inform themselves about and to observe any such restrictions.

This Registration Document is intended to form part of a prospectus prepared in compliance with the Prospectus Directive and relevant implementing measures and should be read and construed with any supplement hereto together with all documents incorporated by reference into it, the other parts of such relevant prospectus or, as the case may be, securities note containing disclosure in relation to any issue of debt or derivative securities by any of Morgan Stanley, MSI plc or MSBV (or for which any of Morgan Stanley, MSI plc or MSBV is an obligor) and, where appropriate, the final terms containing information with respect to such debt or derivative securities (the "Final Terms").

No person has been authorised to give any information or to make any representation not contained in or not consistent with this Registration Document and, if given or made, such information or representation must not be relied upon as having been authorised by any of Morgan Stanley, MSI plc or MSBV, any trustee or any dealer appointed in relation to any issue of debt or derivative securities by Morgan Stanley, MSI plc or MSBV or for which any of Morgan Stanley, MSI plc or MSBV is an obligor.

This Registration Document does not constitute an offer of or an invitation to subscribe for or purchase any debt or derivative securities and should not be considered as a recommendation by any of Morgan Stanley, MSI plc or MSBV that any recipient of this Registration Document should subscribe for or purchase any debt or derivative securities. Each recipient of this Registration Document will be taken to have made its own investigation and appraisal of Morgan Stanley, MSI plc and MSBV and of the particular terms of any offered debt or derivative securities.

The distribution of this Registration Document and the offer or sale of securities issued by any of Morgan Stanley, MSI plc or MSBV (or in relation to which Morgan Stanley, MSI plc or MSBV is an obligor) may be restricted by law in certain jurisdictions. Persons into whose possession this Registration Document or any document incorporated by reference herein or any securities issued by Morgan Stanley, MSI plc or MSBV (or for which Morgan Stanley, MSI plc or MSBV is an obligor) come must inform themselves about, and observe, any such restrictions. For a description of certain restrictions on offers, sales and deliveries of securities issued by any of Morgan Stanley, MSI plc or MSBV (or for which Morgan Stanley, MSI plc or MSBV is an obligor) and on the distribution of this Registration Document, including any document incorporated herein by reference, see the applicable description of arrangements relating to subscription and sale of the relevant debt or derivative securities in the relevant prospectus or securities note.

All references in this Registration Document to "Sterling" and "£" are to the lawful currency of the United Kingdom, all references to "U.S. dollars," "U.S.\$" and "\$" are to the lawful currency of the United States of America (the "U.S.") and all references to "euro", "€" and "EUR" are to the single currency introduced at the start of the third stage of the European Economic and Monetary Union pursuant to the Treaty establishing the European Community, as amended (the "Treaty").

CONTENTS

	Page
RISK FACTORS	1
INFORMATION INCORPORATED BY REFERENCE	14
DESCRIPTION OF MORGAN STANLEY	20
SELECTED FINANCIAL INFORMATION OF MORGAN STANLEY	64
DESCRIPTION OF MORGAN STANLEY & CO. INTERNATIONAL PLC	65
SELECTED FINANCIAL INFORMATION OF MORGAN STANLEY & CO. INTERNATIONAL PLC	71
DESCRIPTION OF MORGAN STANLEY B.V.	72
SUBSIDIARIES OF MORGAN STANLEY	75
INDEX OF DEFINED TERMS	88

RISK FACTORS

Prospective investors should read the entire Registration Document and any relevant securities note (and where appropriate, any relevant final terms and summary). Words and expressions defined elsewhere in this Registration Document have the same meanings in this section.

*Prospective investors should consider the factors described below and consult with their own professional advisers if they consider it necessary. Each of Morgan Stanley, Morgan Stanley & Co. International plc ("**MSI plc**") and Morgan Stanley B.V. ("**MSBV**") believes that the factors described below represent the principal risks with respect to each of Morgan Stanley, MSI plc and MSBV investors should consider, among other things, the following:*

Risks Relating to Morgan Stanley, MSI plc and MSBV

Morgan Stanley is the ultimate parent company of the Morgan Stanley group of companies (Morgan Stanley and its consolidated subsidiaries, the "**Morgan Stanley Group**"). MSBV and MSI plc are both part of the Morgan Stanley Group.

All material assets of MSBV are obligations of one or more of the Morgan Stanley Group companies and securities issued by MSBV are guaranteed by Morgan Stanley.

There are substantial inter-relationships between MSI plc and Morgan Stanley as well as other Morgan Stanley Group companies, including the provision of funding, capital services and logistical support to or by MSI plc, as well as common or shared business or operational platforms or systems, including employees.

The principal risks with respect to Morgan Stanley described below will also represent the principal risks with respect to MSI plc and Morgan Stanley B.V., either as individual entities or as part of the Morgan Stanley Group.

Liquidity and Funding Risk

Liquidity and funding risk refers to the risk that Morgan Stanley will be unable to finance its operations due to a loss of access to the capital markets or difficulty in liquidating its assets. Liquidity and funding risk also encompasses its ability to meet its financial obligations without experiencing significant business disruption or reputational damage that may threaten its viability as a going concern.

Liquidity is essential to Morgan Stanley's businesses and Morgan Stanley relies on external sources to finance a significant portion of its operations.

Liquidity is essential to Morgan Stanley's businesses. Morgan Stanley's liquidity could be negatively affected by its inability to raise funding in the long-term or short-term debt capital markets or its inability to access the secured lending markets. Factors that Morgan Stanley cannot control, such as disruption of the financial markets or negative views about the financial services industry generally, including concerns regarding the remaining sovereign debt issues in Europe or fiscal matters in the U.S., could impair its ability to raise funding. In addition, Morgan Stanley's ability to raise funding could be impaired if investors or lenders develop a negative perception of its long-term or short-term financial prospects due to factors such as if it were to incur large trading losses, is downgraded by the rating agencies, suffers a decline in the level of its business activity, or if regulatory authorities take significant action against it, or it discovers significant employee misconduct or illegal activity. If Morgan Stanley is unable to raise funding using the methods described above, it would likely need to finance or liquidate unencumbered assets, such as its investment and trading portfolios, to meet maturing liabilities. Morgan Stanley may be unable to sell some of its assets, or it may have to sell assets at a discount from market value, either of which could adversely affect its results of operations, cash flows and financial condition.

Morgan Stanley's borrowing costs and access to the debt capital markets depend significantly on its credit ratings.

The cost and availability of unsecured financing generally are impacted by Morgan Stanley's short-term and long-term credit ratings. The rating agencies are continuing to monitor certain issuer specific factors that are important to the determination of Morgan Stanley's credit ratings, including governance, the level and quality of earnings, capital adequacy, funding and liquidity, risk appetite and management, asset

quality, strategic direction, and business mix. Additionally, the rating agencies will look at other industry-wide factors such as regulatory or legislative changes, macro-economic environment, and perceived levels of government support, and it is possible that they could downgrade Morgan Stanley's ratings and those of similar institutions. For example, in November 2013, Moody's Investor Services, Inc. ("**Moody's**") took certain ratings actions with respect to eight large U.S. banking groups, including downgrading Morgan Stanley, to remove certain uplift from the U.S. government support in their ratings.

Morgan Stanley's credit ratings also can have a significant impact on certain trading revenues, particularly in those businesses where longer term counterparty performance is a key consideration, such as over-the-counter ("**OTC**") derivative transactions, including credit derivatives and interest rate swaps. In connection with certain OTC trading agreements and certain other agreements associated with the Institutional Securities business segment, Morgan Stanley may be required to provide additional collateral to, or immediately settle any outstanding liability balance with, certain counterparties in the event of a credit ratings downgrade. Termination of Morgan Stanley's trading and other agreements could cause us to sustain losses and impair our liquidity by requiring Morgan Stanley to find other sources of financing or to make significant cash payments or securities movements. The additional collateral or termination payments which may occur in the event of a future credit rating downgrade vary by contract and can be based on ratings by either or both of Moody's and Standard & Poor's Financial Services LLC. At 31 December 2013, the future potential collateral amounts and termination payments that could be called or required by counterparties, exchanges and clearing organizations in the event of one-notch or two-notch downgrade scenarios based on the relevant contractual downgrade triggers were \$1,522 million and an incremental \$3,321 million, respectively.

Morgan Stanley is a holding company and depends on payments from its subsidiaries.

Morgan Stanley is a holding company and depends on dividends, distributions and other payments from its subsidiaries to fund dividend payments and to fund all payments on its obligations, including debt obligations. Regulatory, tax restrictions or elections and other legal restrictions may limit Morgan Stanley's ability to transfer funds freely, either to or from its subsidiaries. In particular, many of Morgan Stanley's subsidiaries, including its broker-dealer subsidiaries, are subject to laws, regulations and self-regulatory organisation rules that authorise regulatory bodies to block or reduce the flow of funds to the parent holding company, or that prohibit such transfers altogether in certain circumstances, including steps to "ring fence" entities by regulators outside of the U.S. to protect clients and creditors of such entities in the event of financial difficulties involving such entities. These laws, regulations and rules may hinder its ability to access funds that Morgan Stanley may need to make payments on its obligations. Furthermore, as a bank holding company, Morgan Stanley may become subject to a prohibition or to limitations on its ability to pay dividends or repurchase Morgan Stanley's stock. The Office of the Comptroller of the Currency (the "**OCC**"), the Federal Reserve and the Federal Deposit Insurance Corporation (the "**FDIC**") have the authority, and under certain circumstances, the duty, to prohibit or to limit the payment of dividends by the banking organisations they supervise, including Morgan Stanley's bank company subsidiaries.

Morgan Stanley's liquidity and financial condition have in the past been, and in the future could be, adversely affected by U.S. and international markets and economic conditions.

Morgan Stanley's ability to raise funding in the long-term or short-term debt capital markets or the equity markets, or to access secured lending markets, has in the past been, and could in the future be, adversely affected by conditions in the U.S. and international markets and economy. Global market and economic conditions have been particularly disrupted and volatile in the last several years and continue to be, including as a result of the European sovereign debt crisis, and uncertainty regarding U.S. fiscal matters. In particular, its cost and availability of funding have been, and may in the future be, adversely affected by illiquid credit markets and wider credit spreads. Continued turbulence in the U.S., the E.U. and other international markets and economies could adversely affect its liquidity and financial condition and the willingness of certain counterparties and customers to do business with it.

Market Risk

Market risk refers to the risk that a change in the level of one or more market prices, rates, indices, implied volatilities (the price volatility of the underlying instrument imputed from option prices), correlations or other market factors, such as market liquidity, will result in losses for a position or portfolio owned by Morgan Stanley.

Morgan Stanley's results of operations may be materially affected by market fluctuations and by global and economic conditions and other factors.

Morgan Stanley's results of operations may be materially affected by market fluctuations due to global and economic conditions and other factors. Morgan Stanley's results of operations in the past have been, and in the future may continue to be, materially affected by many factors, including the effect of economic and political conditions and geopolitical events; the effect of market conditions, particularly in the global equity, fixed income, credit and commodities markets, including corporate and mortgage (commercial and residential) lending and commercial real estate markets; the impact of current, pending and future legislation (including the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "**Dodd-Frank Act**")), regulation (including capital, leverage and liquidity requirements), policies (including fiscal and monetary) and legal and regulatory actions in the U.S. and worldwide; the level and volatility of equity, fixed income and commodity prices, interest rates, currency values and other market indices; the availability and cost of both credit and capital as well as the credit ratings assigned to Morgan Stanley's unsecured short-term and long-term debt; investor, consumer and business sentiment and confidence in the financial markets; the performance of its acquisitions, divestitures, joint ventures, strategic alliances or other strategic arrangements; its reputation; inflation, natural disasters, and acts of war or terrorism; the actions and initiatives of current and potential competitors, as well as governments, regulators and self-regulatory organisations; the effectiveness of its risk management policies; and technological changes and risks, including cybersecurity risks; or a combination of these or other factors. In addition, legislative, legal and regulatory developments related to its businesses are likely to increase costs, thereby affecting results of operations. These factors also may have an adverse impact on its ability to achieve its strategic objectives.

The results of Morgan Stanley's Institutional Securities business segment, particularly results relating to its involvement in primary and secondary markets for all types of financial products, are subject to substantial fluctuations due to a variety of factors, such as those enumerated above that Morgan Stanley cannot control or predict with great certainty. These fluctuations impact results by causing variations in new business flows and in the fair value of securities and other financial products. Fluctuations also occur due to the level of global market activity, which, among other things, affects the size, number and timing of investment banking client assignments and transactions and the realisation of returns from its principal investments. During periods of unfavorable market or economic conditions, the level of individual investor participation in the global markets, as well as the level of client assets, may also decrease, which would negatively impact the results of Morgan Stanley's Wealth Management business segment. In addition, fluctuations in global market activity could impact the flow of investment capital into or from assets under management or supervision and the way customers allocate capital among money market, equity, fixed income or other investment alternatives, which could negatively impact its Investment Management business segment.

Morgan Stanley may experience declines in the value of its financial instruments and other losses related to volatile and illiquid market conditions.

Market volatility, illiquid market conditions and disruptions in the credit markets make it extremely difficult to value certain of Morgan Stanley's securities, particularly during periods of market displacement. Subsequent valuations, in light of factors then prevailing, may result in significant changes in the values of these securities in future periods. In addition, at the time of any sales and settlements of these securities, the price Morgan Stanley ultimately realises will depend on the demand and liquidity in the market at that time and may be materially lower than their current fair value. Any of these factors could cause a decline in the value of Morgan Stanley's securities portfolio, which may have an adverse effect on its results of operations in future periods.

In addition, financial markets are susceptible to severe events evidenced by rapid depreciation in asset values accompanied by a reduction in asset liquidity. Under these extreme conditions, hedging and other risk management strategies may not be as effective at mitigating trading losses as they would be under more normal market conditions. Moreover, under these conditions market participants are particularly exposed to trading strategies employed by many market participants simultaneously and on a large scale, such as crowded trades. Morgan Stanley's risk management and monitoring processes seek to quantify and mitigate risk to more extreme market moves. However, severe market events have historically been difficult to predict, as seen in the last several years, and Morgan Stanley could realise significant losses if extreme market events were to occur.

Holding large and concentrated positions may expose Morgan Stanley to losses.

Concentration of risk may reduce revenues or result in losses in Morgan Stanley's market-making, investing, block trading, underwriting and lending businesses in the event of unfavorable market movements. Morgan Stanley commits substantial amounts of capital to these businesses, which often results in its taking large positions in the securities of, or making large loans to, a particular issuer or issuers in a particular industry, country or region.

Morgan Stanley has incurred, and may continue to incur, significant losses in the real estate sector.

Morgan Stanley finances and acquires principal positions in a number of real estate and real estate-related products for its own account, for investment vehicles managed by affiliates in which it also may have a significant investment, for separate accounts managed by affiliates and for major participants in the commercial and residential real estate markets.

Morgan Stanley also originates loans secured by commercial and residential properties. Further, it securitises and trades in a wide range of commercial and residential real estate and real estate-related whole loans, mortgages and other real estate and commercial assets and products, including residential and commercial mortgage backed securities. These businesses have been, and may continue to be, adversely affected by the downturn in the real estate sector. In connection with these activities, Morgan Stanley has provided, or otherwise agreed to be responsible for, certain representations and warranties. Under certain circumstances, it may be required to repurchase such assets or make other payments related to such assets if such representations and warranties were breached. Between 2004 and 31 December 2013, it sponsored approximately \$148.0 billion of residential mortgage-backed securities ("RMBS") primarily containing U.S. residential loans. Of that amount, Morgan Stanley made representations and warranties concerning approximately \$47.0 billion of loans and agreed to be responsible for the representations and warranties made by third-party sellers, many of which are now insolvent, on approximately \$21.0 billion of loans. At 31 December 2013, the current unpaid principal balance ("UPB") for all the residential assets subject to such representations and warranties was approximately \$17.2 billion and the cumulative losses associated with U.S. RMBS were approximately \$13.5 billion. Morgan Stanley did not make, or otherwise agree to be responsible, for the representations and warranties made by third party sellers on approximately \$79.9 billion of residential loans that it securitized during that time period. Morgan Stanley has not sponsored any U.S. RMBS transactions since 2007.

Morgan Stanley has also made representations and warranties in connection with its role as an originator of certain commercial mortgage loans that it securitised in commercial mortgage backed securities ("CMBS"). Between 2004 and 31 December 2013, Morgan Stanley originated approximately \$50.6 billion and \$13.0 billion of U.S. and non-U.S. commercial mortgage loans, respectively, that were placed into CMBS sponsored by it. At 31 December 2013, the current UPB for all U.S. commercial mortgage loans subject to such representations and warranties was \$33.0 billion. At 31 December 2013, the current UPB when known for all non-U.S. commercial mortgage loans, subject to such representations and warranties, was approximately \$3.0 billion and the UPB at the time of sale when the current UPB is not known was \$0.4 billion.

Over the last several years, the level of litigation and investigatory activity (both formal and informal) by government and self-regulatory agencies has increased materially in the financial services industry. As a result, Morgan Stanley has been and expects that it may continue to become, the subject of increased claims for damages and other relief in the future. Morgan Stanley continues to monitor its real estate-related activities in order to manage its exposures and potential liability from these markets and businesses.

Credit Risk

Credit risk refers to the risk of loss arising when a borrower, counterparty or issuer does not meet its financial obligations to Morgan Stanley.

Morgan Stanley is exposed to the risk that third parties that are indebted to it will not perform their obligations.

Morgan Stanley incurs significant credit risk exposure through the Institutional Securities business segment. This risk may arise from a variety of business activities, including but not limited to entering

into swap or other derivative contracts under which counterparties have obligations to make payments to it; extending credit to clients through various lending commitments; providing short or long-term funding that is secured by physical or financial collateral whose value may at times be insufficient to fully cover the loan repayment amount; posting margin and/or collateral and other commitments to clearing houses, clearing agencies, exchanges, banks, securities firms and other financial counterparties; and investing and trading in securities and loan pools whereby the value of these assets may fluctuate based on realised or expected defaults on the underlying obligations or loans.

Morgan Stanley also incurs credit risk in the Wealth Management business segment lending to individual investors, including, but not limited to, margin and securities-based loans collateralised by securities, residential mortgage loans and home equity lines of credit.

While Morgan Stanley believes current valuations and reserves adequately address its perceived levels of risk, there is a possibility that adverse difficult economic conditions may negatively impact its clients and its current credit exposures. In addition, as a clearing member firm, Morgan Stanley finances its customer positions and it could be held responsible for the defaults or misconduct of its customers. Although Morgan Stanley regularly reviews its credit exposures, default risk may arise from events or circumstances that are difficult to detect or foresee.

A default by a large financial institution could adversely affect financial markets generally.

The commercial soundness of many financial institutions may be closely interrelated as a result of credit, trading, clearing or other relationships between the institutions. For example, increased centralisation of trading activities through particular clearing houses, central agents or exchanges as required by provisions of the Dodd-Frank Act may increase its concentration of risk with respect to these entities. As a result, concerns about, or a default or threatened default by, one institution could lead to significant market-wide liquidity and credit problems, losses or defaults by other institutions. This is sometimes referred to as "systemic risk" and may adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms and exchanges, with which Morgan Stanley interacts on a daily basis, and therefore could adversely affect it.

Operational Risk

Operational risk refers to the risk of loss, or of damage to Morgan Stanley's reputation, resulting from inadequate or failed processes, people and systems or from external events (e.g., fraud, legal and compliance risks or damage to physical assets). Morgan Stanley may incur operational risk across the full scope of its business activities, including revenue generating activities (e.g., sales and trading) and control groups (e.g., information technology and trade processing). Legal, regulatory and compliance risk is included in the scope of operational risk and is discussed below under "*Legal, Regulatory and Compliance Risk*."

Morgan Stanley is subject to operational risk that could adversely affect its businesses.

Morgan Stanley's businesses are highly dependent on its ability to process, on a daily basis, a large number of transactions across numerous and diverse markets in many currencies. In addition, Morgan Stanley may introduce new products or services or change processes, resulting in new operational risk that it may not fully appreciate or identify. In general, the transactions Morgan Stanley processes are increasingly complex. It performs the functions required to operate its different businesses either by itself or through agreements with third parties. Morgan Stanley relies on the ability of its employees, its internal systems and systems at technology centers operated by unaffiliated third parties to process a high volume of transactions.

Morgan Stanley also faces the risk of operational failure or termination of any of the clearing agents, exchanges, clearing houses or other financial intermediaries it uses to facilitate its securities transactions. In the event of a breakdown or improper operation of its or a third party's systems or improper or unauthorised action by third parties or its employees, it could suffer financial loss, an impairment to its liquidity, a disruption of its businesses, regulatory sanctions or damage to its reputation. In addition, the interconnectivity of multiple financial institutions with central agents, exchanges and clearing houses, and the increased importance of these entities, increases the risk that an operational failure at one institution or entity may cause an industry-wide operational failure that could materially impact Morgan Stanley's ability to conduct business.

Morgan Stanley's operations rely on the secure processing, storage and transmission of confidential and other information in its computer systems and the systems of third parties with which it does business or that facilitate its business activities, such as vendors. Like other financial services firms, Morgan Stanley and its third party providers have been and continue to be subject to unauthorised access, mishandling or misuse, computer viruses or malware, cyber attacks, denial of service attacks and other events. The increased use of smartphones, tablets and other mobile devices may also heighten these and other operational risks. Events such as these could have a security impact on its systems and jeopardise its or its clients' or counterparties' personal, confidential, proprietary or other information processed and stored in, and transmitted through, its and its third party providers' computer systems. Furthermore, such events could cause interruptions or malfunctions in its, its clients', its counterparties' or third parties' operations, which could result in reputational damage, client dissatisfaction, litigation or regulatory fines or penalties not covered by insurance maintained by it, and adversely affect its business, financial condition or results of operations.

Despite the business contingency plans Morgan Stanley has in place, there can be no assurance that such plans will fully mitigate all potential business continuity risks to it. Morgan Stanley's ability to conduct business may be adversely affected by a disruption in the infrastructure that supports its business and the communities where Morgan Stanley is located, which are concentrated in the New York metropolitan area, London, Hong Kong and Tokyo. This may include a disruption involving physical site access, terrorist activities, disease pandemics, catastrophic events, natural disasters, extreme weather events, electrical, environmental, computer servers, communications or other services it uses, Morgan Stanley's employees or third parties with whom it conducts business.

Legal, Regulatory and Compliance Risk

Legal, regulatory and compliance risk includes the risk of legal or regulatory sanctions, material financial loss including fines, penalties, judgments, damages and/or settlements, or loss to reputation Morgan Stanley may suffer as a result of its failure to comply with laws, regulations, rules, related self-regulatory organisation standards and codes of conduct applicable to its business activities. Legal, regulatory and compliance risk also includes contractual and commercial risk such as the risk that a counterparty's performance obligations will be unenforceable. In today's environment of rapid and possibly transformational regulatory change, Morgan Stanley also views regulatory change as a component of legal, regulatory and compliance risk.

The financial services industry is subject to extensive regulation, which is undergoing major changes that will impact Morgan Stanley's business.

Like other financial services firms, Morgan Stanley is subject to extensive regulation by U.S. federal and state regulatory agencies and securities exchanges and by regulators and exchanges in each of the major markets where it conducts its business. These laws and regulations significantly affect the way Morgan Stanley does business, and can restrict the scope of its existing businesses and limit its ability to expand its product offerings and pursue certain investments.

In response to the financial crisis, legislators and regulators, both in the U.S. and worldwide, have adopted, or are currently considering enacting, financial market reforms that have resulted and could result in major changes to the way Morgan Stanley's global operations are regulated. In particular, as a result of the Dodd-Frank Act, it is, or will become, subject to (among other things) significantly revised and expanded regulation and supervision, to more intensive scrutiny of its businesses and any plans for expansion of those businesses, to new activities limitations, to a systemic risk regime that imposes heightened capital and liquidity requirements to new restrictions on activities and investments imposed by the Volcker Rule, and to comprehensive new derivatives regulation. While certain portions of the Dodd-Frank Act became effective immediately, most other portions are effective following transition periods or through numerous rulemakings by multiple governmental agencies, and although a large number of rules have been proposed, many are still subject to final rulemaking or transition periods. U.S. regulators also plan to propose additional regulations to implement the Dodd-Frank Act. Many of the changes required by the Dodd-Frank Act could materially impact the profitability of its businesses and the value of assets Morgan Stanley holds, expose it to additional costs, require changes to business practices or force it to discontinue businesses, adversely affect its ability to pay dividends and repurchase its stock, or require Morgan Stanley to raise capital, including in ways that may adversely impact its shareholders or creditors. In addition, similar regulatory requirements are being proposed by foreign policymakers and regulators, which may be inconsistent or conflict with regulations that Morgan Stanley is subject to in the U.S. and,

if adopted, may adversely affect it. While there continues to be uncertainty about the full impact of these changes, Morgan Stanley does know that it will be subject to a more complex regulatory framework, and will incur costs to comply with new requirements as well as to monitor for compliance in the future.

For example, the Volcker Rule provision of the Dodd-Frank Act will have an impact on it, including potentially limiting various aspects of Morgan Stanley's business. Morgan Stanley is continuing its review of activities that may be affected by the Volcker Rule, including its trading operations and asset management activities, and are taking steps to establish the necessary compliance programs to comply with the Volcker Rule. Given the complexity of the new framework, the full impact of the Volcker Rule is still uncertain, and will ultimately depend on the interpretation and implementation by the five regulatory agencies responsible for its oversight.

The financial services industry faces substantial litigation and is subject to extensive regulatory investigations, and Morgan Stanley may face damage to its reputation and legal liability.

As a major financial services firm, Morgan Stanley faces the risk of investigations and proceedings by governmental and self-regulatory organisations in all countries in which it conducts its business. Interventions by authorities may result in adverse judgments, settlements, fines, penalties, injunctions or other relief. In addition to the monetary consequences, these measures could, for example, impact its ability to engage in, or impose limitations on, certain of its businesses. The number of these investigations and proceedings, as well as the amount of penalties and fines sought, has increased substantially in recent years with regard to many firms in the financial services industry, including Morgan Stanley. Significant regulatory action against Morgan Stanley could materially adversely affect its business, financial condition or results of operations or cause it significant reputational harm, which could seriously harm its business. The Dodd-Frank Act also provides compensation to whistleblowers who present the U.S. Securities and Exchange Commission (the "SEC") or the U.S. Commodity Futures Trading Commission (the "CFTC") with information related to securities or commodities laws violations that lead to a successful enforcement action. As a result of this compensation, it is possible Morgan Stanley could face an increased number of investigations by the SEC or CFTC.

Morgan Stanley has been named, from time to time, as a defendant in various legal actions, including arbitrations, class actions, and other litigation, as well as investigations or proceedings brought by regulatory agencies, arising in connection with its activities as a global diversified financial services institution. Certain of the actual or threatened legal or regulatory actions include claims for substantial compensatory and/or punitive damages, claims for indeterminate amounts of damages, or may result in penalties, fines, or other results adverse to it. In some cases, the issuers that would otherwise be the primary defendants in such cases are bankrupt or in financial distress. Like any large corporation, Morgan Stanley is also subject to risk from potential employee misconduct, including non-compliance with policies and improper use or disclosure of confidential information.

Substantial legal liability could materially adversely affect Morgan Stanley's business, financial condition or results of operations or cause it significant reputational harm, which could seriously harm its business. For example, over the last several years, the level of litigation and investigatory activity (both formal and informal) by government and self-regulatory agencies has increased materially in the financial services industry. As a result, Morgan Stanley has been, and expects that it may continue to become, the subject of increased claims for damages and other relief and there can be no assurance that additional material losses will not be incurred from claims that have not yet been asserted or are not yet determined to be material.

Morgan Stanley's business, financial condition and results of operations could be adversely affected by governmental fiscal and monetary policies.

Morgan Stanley is affected by fiscal and monetary policies adopted by regulatory authorities and bodies of the U.S. and other governments. For example, the actions of the Federal Reserve and international central banking authorities directly impact its cost of funds for lending, capital raising and investment activities and may impact the value of financial instruments Morgan Stanley holds. In addition, such changes in monetary policy may affect the credit quality of its customers. Changes in domestic and international monetary policy are beyond its control and difficult to predict.

Morgan Stanley's commodities activities subject it to extensive regulation, potential catastrophic events and environmental risks and regulation that may expose it to significant costs and liabilities.

In connection with the commodities activities in Morgan Stanley's Institutional Securities business segment, Morgan Stanley engages in the production, storage, transportation, marketing and trading of several commodities, including metals (base and precious), crude oil, oil products, natural gas, electric power, emission credits, coal, freight, liquefied natural gas and related products and indices. In addition, Morgan Stanley is an electricity power marketer in the U.S. and owns electricity generating facilities in the U.S.; it owns TransMontaigne Inc. and its subsidiaries, a group of companies operating in the refined petroleum products marketing and distribution business; and it owns a minority interest in Heidmar Holdings LLC, which owns a group of companies that provide international marine transportation and U.S. marine logistics services. As a result of these activities, Morgan Stanley is subject to extensive and evolving energy, commodities, environmental, health and safety and other governmental laws and regulations. In addition, liability may be incurred without regard to fault under certain environmental laws and regulations for the remediation of contaminated areas. Further, through these activities Morgan Stanley is exposed to regulatory, physical and certain indirect risks associated with climate change. Morgan Stanley's commodities business also exposes it to the risk of unforeseen and catastrophic events, including natural disasters, leaks, spills, explosions, release of toxic substances, fires, accidents on land and at sea, wars, and terrorist attacks that could result in personal injuries, loss of life, property damage, and suspension of operations.

For more information on the planned sale of Morgan Stanley's global oil merchanting business see "Sale of Global Oil Merchanting Business" on page 32 below.

Although Morgan Stanley has attempted to mitigate its pollution and other environmental risks by, among other measures, adopting appropriate policies and procedures for power plant operations, monitoring the quality of petroleum storage facilities and transport vessels and implementing emergency response programs, these actions may not prove adequate to address every contingency. In addition, insurance covering some of these risks may not be available, and the proceeds, if any, from insurance recovery may not be adequate to cover liabilities with respect to particular incidents. As a result, its financial condition, results of operations and cash flows may be adversely affected by these events.

Morgan Stanley continues to engage in discussions with the Federal Reserve regarding its commodities activities, as the United States Bank Holding Company Act of 1956 (as amended) (the "**BHC Act**") provides a grandfather exemption for "activities related to the trading, sale or investment in commodities and underlying physical properties," provided that Morgan Stanley was engaged in "any of such activities as of 30 September 1997 in the United States" and provided that certain other conditions that are within its reasonable control are satisfied. If the Federal Reserve were to determine that any of its commodities activities did not qualify for the BHC Act grandfather exemption, then Morgan Stanley would likely be required to divest any such activities that did not otherwise conform to the BHC Act.

Morgan Stanley also expects the other laws and regulations affecting its commodities business to increase in both scope and complexity. During the past several years, intensified scrutiny of certain energy markets by federal, state and local authorities in the U.S. and abroad and the public has resulted in increased regulatory and legal enforcement, litigation and remedial proceedings involving companies engaged in the activities in which Morgan Stanley is engaged. For example, the U.S. and the E.U. have increased their focus on the energy markets which has resulted in increased regulation of companies participating in the energy markets, including those engaged in power generation and liquid hydrocarbons trading. In addition, new regulation of OTC derivatives markets in the U.S. and similar legislation proposed or adopted abroad will impose significant new costs and impose new requirements on Morgan Stanley's commodities derivatives activities. Morgan Stanley may incur substantial costs or loss of revenue in complying with current or future laws and regulations and its overall businesses and reputation may be adversely affected by the current legal environment. In addition, failure to comply with these laws and regulations may result in substantial civil and criminal fines and penalties.

A failure to address conflicts of interest appropriately could adversely affect Morgan Stanley's businesses and reputation.

As a global financial services firm that provides products and services to a large and diversified group of clients, including corporations, governments, financial institutions and individuals, Morgan Stanley faces potential conflicts of interest in the normal course of business. For example, potential conflicts can occur

when there is a divergence of interests between Morgan Stanley and a client, among clients, or between an employee on the one hand and Morgan Stanley or a client on the other. Morgan Stanley has policies, procedures and controls that are designed to address potential conflicts of interest. However, identifying and mitigating potential conflicts of interest can be complex and challenging, and can become the focus of media and regulatory scrutiny. Indeed, actions that merely appear to create a conflict can put Morgan Stanley's reputation at risk even if the likelihood of an actual conflict has been mitigated. It is possible that potential conflicts could give rise to litigation or enforcement actions, which may lead to its clients being less willing to enter into transactions in which a conflict may occur and could adversely affect its businesses and reputation.

Morgan Stanley's regulators have the ability to scrutinise its activities for potential conflicts of interest, including through detailed examinations of specific transactions. In addition, its status as a bank holding company supervised by the Federal Reserve subjects Morgan Stanley to direct Federal Reserve scrutiny with respect to transactions between its U.S. bank subsidiaries and their affiliates.

Risk Management

Morgan Stanley's risk management strategies may not be fully effective in mitigating its risk exposures in all market environments or against all types of risk.

Morgan Stanley has devoted significant resources to develop its risk management policies and procedures and expects to continue to do so in the future. Nonetheless, its risk management strategies, including its hedging strategies, may not be fully effective in mitigating its risk exposure in all market environments or against all types of risk, including risks that are unidentified or unanticipated. As its businesses change and grow, and the markets in which Morgan Stanley operates evolve, its risk management strategies may not always adapt with those changes. Some of Morgan Stanley's methods of managing risk are based upon its use of observed historical market behaviour and management's judgment. As a result, these methods may not predict future risk exposures, which could be significantly greater than the historical measures indicate. For example, market conditions during the financial crisis involved unprecedented dislocations and highlighted the limitations inherent in using historical information to manage risk. Management of market, credit, liquidity, operational, legal, regulatory and compliance risks requires, among other things, policies and procedures to record properly and verify a large number of transactions and events, and these policies and procedures may not be fully effective. Morgan Stanley's trading risk management strategies and techniques also seek to balance its ability to profit from trading positions with its exposure to potential losses. While Morgan Stanley employs a broad and diversified set of risk monitoring and risk mitigation techniques, those techniques and the judgments that accompany their application cannot anticipate every economic and financial outcome or the timing of such outcomes. For example, to the extent that Morgan Stanley's trading or investing activities involve less liquid trading markets or are otherwise subject to restrictions on sale or hedging, Morgan Stanley may not be able to reduce its positions and therefore reduce its risk associated with such positions. Morgan Stanley may, therefore, incur losses in the course of its trading or investing activities.

Competitive Environment

Morgan Stanley faces strong competition from other financial services firms which could lead to pricing pressures that could materially adversely affect its revenue and profitability.

The financial services industry and all aspects of Morgan Stanley's businesses are intensely competitive, and Morgan Stanley expects them to remain so. Morgan Stanley competes with commercial banks, brokerage firms, insurance companies, electronic trading and clearing platforms, financial data repositories, sponsors of mutual funds, hedge funds, energy companies and other companies offering financial or ancillary services in the U.S., globally and through the internet. Morgan Stanley competes on the basis of several factors, including transaction execution, capital or access to capital, products and services, innovation, reputation, risk appetite and price. Over time, certain sectors of the financial services industry have become more concentrated, as institutions involved in a broad range of financial services have left businesses, been acquired by or merged into other firms or have declared bankruptcy. Such changes could result in its remaining competitors gaining greater capital and other resources, such as the ability to offer a broader range of products and services and geographic diversity, or new competitors may emerge. Morgan Stanley has experienced and may continue to experience pricing pressures as a result of these factors and as some of its competitors seek to obtain market share by reducing prices. In addition, certain of Morgan Stanley's competitors may be subject to different, and in

some cases, less stringent, legal and regulatory regimes, than Morgan Stanley, thereby putting it at a competitive disadvantage.

Automated trading markets may adversely affect Morgan Stanley's business and may increase competition.

Morgan Stanley has experienced intense price competition in some of its businesses in recent years. In particular, the ability to execute securities trades electronically on exchanges and through other automated trading markets has increased the pressure on trading commissions or comparable fees. The trend toward direct access to automated, electronic markets will likely continue and will likely increase as additional markets move to more automated trading platforms. Morgan Stanley has experienced and it is likely that it will continue to experience competitive pressures in these and other areas in the future as some of its competitors may seek to obtain market share by reducing prices (in the form of commissions or pricing).

Morgan Stanley's ability to retain and attract qualified employees is critical to the success of its business and the failure to do so may materially adversely affect its performance.

Morgan Stanley's people are its most important resource and competition for qualified employees is intense. In order to attract and retain qualified employees, Morgan Stanley must compensate such employees at market levels. Typically, those levels have caused employee compensation to be its greatest expense as compensation is highly variable and changes based on business and individual performance and market conditions. If Morgan Stanley is unable to continue to attract and retain highly qualified employees, or does so at rates or in forms necessary to maintain its competitive position, or if compensation costs required to attract and retain employees become more expensive, its performance, including its competitive position, could be materially adversely affected. The financial industry has experienced and may continue to experience more stringent regulation of employee compensation, including limitations relating to incentive-based compensation, clawback requirements and special taxation, which could have an adverse effect on its ability to hire or retain the most qualified employees.

International Risk

Morgan Stanley is subject to numerous political, economic, legal, tax, operational, franchise and other risks as a result of its international operations which could adversely impact its businesses in many ways.

Morgan Stanley is subject to political, economic, legal, tax, operational, franchise and other risks that are inherent in operating in many countries, including risks of possible nationalisation, expropriation, price controls, capital controls, exchange controls, increased taxes and levies and other restrictive governmental actions, as well as the outbreak of hostilities or political and governmental instability. In many countries, the laws and regulations applicable to the securities and financial services industries are uncertain and evolving, and it may be difficult for Morgan Stanley to determine the exact requirements of local laws in every market. Morgan Stanley's inability to remain in compliance with local laws in a particular market could have a significant and negative effect not only on its business in that market but also on its reputation generally. Morgan Stanley is also subject to the enhanced risk that transactions it structures might not be legally enforceable in all cases.

Various emerging market countries have experienced severe political, economic and financial disruptions, including significant devaluations of their currencies, defaults or potential defaults on sovereign debt, capital and currency exchange controls, high rates of inflation and low or negative growth rates in their economies. Crime and corruption, as well as issues of security and personal safety, also exist in certain of these countries. These conditions could adversely impact its businesses and increase volatility in financial markets generally.

The emergence of a disease pandemic or other widespread health emergency, or concerns over the possibility of such an emergency as well as natural disasters, terrorist activities or military actions, could create economic and financial disruptions in emerging markets and other areas throughout the world, and could lead to operational difficulties (including travel limitations) that could impair its ability to manage its businesses around the world.

As a U.S. company, Morgan Stanley is required to comply with the economic sanctions and embargo programs administered by OFAC and similar multi-national bodies and governmental agencies

worldwide, as well as applicable anticorruption laws in the jurisdictions in which it operates. A violation of a sanction, embargo program, or anticorruption law, could subject Morgan Stanley, and individual employees, to a regulatory enforcement action as well as significant civil and criminal penalties.

Acquisition and Joint Venture Risk

Morgan Stanley may be unable to fully capture the expected value from acquisitions, divestitures, joint ventures, minority stakes and strategic alliances.

In connection with past or future acquisitions, divestitures, joint ventures, minority stakes or strategic alliances (including with Mitsubishi UFJ Financial Group, Inc. ("MUFG")), Morgan Stanley faces numerous risks and uncertainties combining, transferring, separating or integrating the relevant businesses and systems, including the need to combine or separate accounting and data processing systems and management controls and to integrate relationships with clients, trading counterparties and business partners. In the case of joint ventures and minority stakes, Morgan Stanley is subject to additional risks and uncertainties because it may be dependent upon, and subject to liability, losses or reputational damage relating to, systems, controls and personnel that are not under its control.

For example, the ownership arrangements relating to Morgan Stanley's joint venture in Japan with MUFG of their respective investment banking and securities businesses are complex. MUFG and Morgan Stanley have integrated their respective Japanese securities businesses by forming two joint venture companies, Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. ("MUMSS") and Morgan Stanley MUFG Securities Co., Ltd. ("MSMS").

In addition, conflicts or disagreements between Morgan Stanley and any of its joint venture partners may negatively impact the benefits to be achieved by the relevant joint venture.

There is no assurance that any of its acquisitions will be successfully integrated or yield all of the positive benefits anticipated. If Morgan Stanley is not able to integrate successfully its past and future acquisitions, there is a risk that its results of operations, financial condition and cash flows may be materially and adversely affected.

Certain of Morgan Stanley's business initiatives, including expansions of existing businesses, may bring it into contact, directly or indirectly, with individuals and entities that are not within its traditional client and counterparty base and may expose it to new asset classes and new markets. These business activities expose Morgan Stanley to new and enhanced risks, greater regulatory scrutiny of these activities, increased credit-related, sovereign and operational risks, and reputational concerns regarding the manner in which these assets are being operated or held.

For more information regarding the regulatory environment in which Morgan Stanley operates, see also "*Business—Supervision and Regulation*" in Part I, Item 1, page 7 of Morgan Stanley's Annual Report on Form 10-K for the year ended 31 December 2013, which has been incorporated by reference on page 15 of this Registration Document.

Risk factors specific to MSBV and MSI plc

All material assets of MSBV are obligations of one or more companies in the Morgan Stanley Group and MSBV's ability to perform its obligations is dependent upon such companies fulfilling their obligations to MSBV.

All material assets of MSBV are obligations of (or securities issued by) one or more Morgan Stanley Group companies. If any of these Morgan Stanley Group companies incurs losses with respect to any of its activities (irrespective of whether those activities relate to MSBV or not) the ability of such company to fulfil its obligations to MSBV could be impaired, thereby exposing holders of securities issued by MSBV to a risk of loss. Should this circumstance materialise, the payment obligations of MSBV under the terms of the securities would be guaranteed by Morgan Stanley.

Risks relating to insolvency proceedings in the Netherlands.

The validity or enforceability of any documents or any legal act (*rechtshandeling*) forming part thereof or contemplated thereby in relation to any securities issued by MSBV are subject to and limited by the protection afforded by Netherlands law to creditors whose interests have been adversely affected pursuant

to the rules of Netherlands law relating to (x) unlawful acts (*onrechtmatige daden*) based on Section 6:162 et seq. of the Netherlands Civil Code (*Burgerlijk Wetboek*) and (y) fraudulent conveyance or preference (*actio pauliana*) within the meaning of Section 3:45 of the Netherlands Civil Code (*Burgerlijk Wetboek*). Furthermore, in the event of any insolvency proceedings being opened in the Netherlands in relation to MSBV, Dutch laws in relation to bankruptcy proceedings, in particular Section 42 et seq. of the Netherlands Bankruptcy Act (*Faillissementswet*) in relation to fraudulent conveyance or preference (*actio pauliana*) would apply.

There are substantial inter-relationships between MSI plc and other Morgan Stanley Group companies.

Morgan Stanley is the holding company of a global financial services group. MSI plc is one of the principal operating companies in the Morgan Stanley Group. MSI plc itself provides a wide range of financial and securities services. There are substantial inter-relationships between MSI plc and Morgan Stanley as well as other companies in the Morgan Stanley Group, including the provision of funding, capital, services and logistical support to or by MSI plc, as well as common or shared business or operational platforms or systems, including employees. As a consequence of such inter-relationships, and of the participation of both MSI plc and other Morgan Stanley Group companies in the global financial services sector, factors which could affect the business and condition of Morgan Stanley or other companies in the Morgan Stanley Group may also affect the business and condition of MSI plc. Any such effect could be direct, for example, where economic or market factors directly affect the markets in which MSI plc and other companies in the Morgan Stanley Group operate, or indirect, for example where any factor affects the ability of other companies in the Morgan Stanley Group to provide services or funding or capital to MSI plc or, directly or indirectly, to place business with MSI plc. Similarly, any development affecting the reputation or standing of Morgan Stanley or other companies in the Morgan Stanley Group may have an indirect effect on MSI plc. Such inter-relationships should therefore be taken into account in any assessment of MSI plc.

No guarantee.

Securities issued by MSI plc will not be guaranteed by Morgan Stanley. Although Morgan Stanley has in the past provided financial support to MSI plc through capital injection and debt financing, there is no assurance that it will do so in the future.

Risk is an inherent part of both Morgan Stanley's and the MSI plc Group's (as defined below) business activity and is managed by the MSI plc Group within the context of the broader Morgan Stanley Group. The Morgan Stanley Group seeks to identify, assess, monitor and manage each of the various types of risk involved in its activities on a global basis, in accordance with defined policies and procedures and in consideration of the individual legal entities. The MSI plc Group's own risk management policies and procedures are consistent with those of the Morgan Stanley Group.

Risks relating to resolution measures in respect of MSI plc

In June 2012, the European Commission published a legislative proposal for a directive providing for the establishment of an EU-wide framework for the recovery and resolution of credit institutions and investment firms (the "**BRRD**") and in April 2014 and May 2014 the European Parliament and the Council of the EU respectively, adopted the BRRD at first reading. The BRRD was published in the Official Journal on 12 June 2014. It enters into force on 2 July 2014. The aim of the BRRD is to provide national authorities with common powers and instruments to pre-empt bank crises and to resolve any relevant institution in an orderly manner in the event of failure, whilst preserving essential bank operations and minimising taxpayers' exposure to losses.

The BRRD provides for a range of instruments to tackle potential crises at three stages: preparatory and preventative, early intervention and resolution. The main resolution measures include the sale of (part of) a business, establishment of a bridge institution (the temporary transfer of good assets of the failing institution to a publicly controlled entity), asset separation (the transfer of impaired assets to an asset management vehicle) and bail-in measures. Bail-in measures give resolution authorities the power to write down the claims of unsecured creditors of an institution which is failing or likely to fail, and to convert unsecured debt claims to equity (subject to certain parameters) and accordingly could be used to impose losses on holders of securities issued by investment firms such as MSI plc, including without limitation bonds, notes and other debt securities, warrants and certificates.

Member States must implement the BRRD by 1 January 2015 although an extended implementation deadline of 1 January 2016 applies to the bail-in provisions.

MSI plc may also become subject to the regime (the “**special resolution regime**”) provided for in the UK Banking Act 2009, as amended (the “**Banking Act**”) to allow the Bank of England (or, in certain circumstances, UK HM Treasury (the “**UK Treasury**”)) to resolve failing UK institutions, currently UK banks and building societies, in consultation with the UK Prudential Regulatory Authority and the UK Treasury, as appropriate. The Financial Services Act 2012 contains provisions to amend the Banking Act so as to extend the special resolution regime to certain other institutions, including investment firms such as MSI plc. Although the changes to the Banking Act to extend the scope of the special resolution regime to investment firms have not yet been brought into force, MSI plc understands that this may occur as early as 1 August 2014. Assuming the special resolution regime is extended to include MSI plc as a relevant investment firm, the Bank of England will acquire wide powers and instruments to address the situation where all or part of MSI plc's business has encountered, or is likely to encounter, financial difficulties, including resolution measures similar to some of those contemplated in the BRRD.

On 19 December 2013 the Financial Services (Banking Reform) Act (the “**Banking Reform Act**”) received Royal Assent. The Banking Reform Act includes a number of amendments to the Banking Act so as to provide for bail-in measures as part of the special resolution regime although secondary legislation necessary to give effect to this bail-in tool is currently being consulted on. The proposed UK bail-in regime would give the Bank of England wide powers to cancel liabilities owed by a relevant institution or to convert such liabilities into shares or other securities of a different class or form or to create a new security in connection with the modification of the liabilities, among other things. The proposed bail-in provisions could be used to impose losses on holders of securities issued by MSI plc, including without limitation bonds, notes and other debt securities, warrants and certificates. While the Banking Reform Act has received Royal Assent, as of the date of this Registration Document parts of the Banking Reform Act, including those relating to the bail-in option, have yet to come into force.

In March 2014 the UK Treasury began a consultation on the implementation of draft secondary legislation relevant to the new UK bail-in tool. The UK Government plans to implement the bail-in tool by 1 January 2015, and does not plan to take advantage of the option to delay bail-in implementation until 2016. The UK Government has expressed confidence that the bail-in option under the Banking Act can be introduced without risk of having to adapt to a radically different regime when the BRRD is implemented. However, it is possible that for the UK to properly implement the BRRD, changes may nevertheless be required to the bail-in option under the Banking Act on which the UK Treasury is currently consulting.

INFORMATION INCORPORATED BY REFERENCE

The following information shall be deemed to be incorporated in, and to form part of, this Registration Document:

	<u>Document filed</u>	<u>Information incorporated by reference</u>	<u>Page(s)</u>
	Morgan Stanley		
1.	Current Report on Form 8-K dated 14 April 2014	Current Report on Form 8-K	1 to 3
2.	Current Report on Form 8-K dated 26 March 2014	Current Report on Form 8-K	1 to 3
3.	Current Report on Form 8-K dated 4 February 2014	Current Report on Form 8-K	1 to 4
4.	Proxy Statement dated 28 March 2014	(1) Election of Directors	1 to 9
		(2) Corporate Governance	9 to 20
		(3) Beneficial Ownership of Company Common Stock	10 to 22
		(4) Executive Compensation	22 to 56
		(5) Ratification of Appointment of Morgan Stanley's Independent Auditor	57 to 59
		(6) Morgan Stanley Proposal to Approve the Compensation of Executives as Disclosed in the Proxy Statement (Non-Binding Advisory Resolution)	60 to 63
		(7) Shareholder Proposal Regarding a Report on Lobbying	63 to 69
		(8) Other Business	69 to 70
5.	Quarterly Report on Form 10-Q for the quarter ended 31 March 2014	(1) Condensed Consolidated Statements of Financial Condition (unaudited)	1
		(2) Condensed Consolidated Statements of Income (unaudited)	2
		(3) Condensed Consolidated Statements of Comprehensive Income (unaudited)	3
		(4) Condensed Consolidated Statements of Cash Flows (unaudited)	4
		(5) Condensed Consolidated Statements of Changes in Total Equity (unaudited)	5 to 6
		(6) Notes to Condensed Consolidated Financial Statements (unaudited)	7 to 93
		(7) Report of Independent Registered Public Accounting Firm	94
		(8) Management's Discussion and Analysis of Financial Condition and Results of	95 to 144

Document filed	Information incorporated by reference	Page(s)
6.	Operations	
	(9) Quantitative and Qualitative Disclosures about Market Risk	145 to 161
	(10) Controls and Procedures	162
	(11) Financial Data Supplement (unaudited)	163 to 165
	(12) Legal Proceedings	166 to 167
	(13) Unregistered Sales of Equity Securities and Use of Proceeds	168
	(14) Exhibits	168
	(15) Signature	169
	(16) Exhibit Index	E-1
	(1) Business	1-21
	(2) Risk Factors	22 to 32
	(3) Unresolved Staff Comments	33
	(4) Properties	34
	(5) Legal Proceedings	35 to 46
	(6) Mine Safety Disclosures	46
	(7) Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities	47 to 49
	(8) Selected Financial Data	50 to 51
	(9) Management's Discussion and Analysis of Financial Condition and Results of Operations	52 to 110
	(10) Quantitative and Qualitative Disclosures about Market Risk	111 to 135
	(11) Financial Statements and Supplementary Data	136 to 292
	(i) Report of Independent Registered Public Accounting Firm	136
	(ii) Consolidated Statements of Financial Condition	137
	(iii) Consolidated Statements of Income	138
	(iv) Consolidated Statements of	139

Document filed	Information incorporated by reference	Page(s)
	Comprehensive Income	
	(v) Consolidated Statements of Cash Flows	140
	(vi) Consolidated Statements of Changes in Total Equity	141
	(vii) Notes to Consolidated Financial Statements	142 to 284
	(viii) Financial Data Supplement (Unaudited)	285 to 292
	(12) Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	293
	(13) Controls and Procedures	293 to 295
	(14) Other Information	295
	(15) Directors, Executive Officers and Corporate Governance	296
	(16) Executive Compensation	296
	(17) Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	297 to 298
	(18) Certain Relationships and Related Transactions, and Director Independence	298
	(19) Principal Accountant Fees and Services	298
	(20) Exhibits and Financial Statement Schedules	299
	(21) Signatures	S1-S2
	(22) Exhibit Index	E1-E6
Morgan Stanley & Co. International plc		
7. Report and Financial Statements for the year ended 31 December 2013	(1) Independent Auditor's Report	15 to 16
	(2) Consolidated Income Statement	17
	(3) Consolidated Statement of Comprehensive Income	18
	(4) Consolidated Statement of Changes in Equity	19
	(5) Consolidated Statement of Financial Position	20
	(6) Consolidated Statement of Cash Flows	21

Document filed		Information incorporated by reference		Page(s)
8.	Report and Financial Statements for the year ended 31 December 2012	(7)	Notes to the Consolidated Financial Statements	22 to 117
		(8)	MSI plc Balance Sheet	118
		(9)	Notes to MSI plc Financial Statements	119 to 142
		(1)	Independent auditor's report	14 to 15
		(2)	Consolidated Income Statement	16
		(3)	Consolidated Statement of Comprehensive Income	17
		(4)	Consolidated Statement of Changes in Equity	18
		(5)	Consolidated Statement of Financial Position	19
		(6)	Consolidated Statement of Cash Flows	20
		(7)	Notes to the Consolidated Financial Statements	21
		(8)	MSI plc balance sheet	106
		(9)	Notes to MSI plc Financial Statements	107 to 135
Morgan Stanley B.V.				
9.	Report and financial statements for the year ended 31 December 2013	(1)	Statement of Comprehensive Income	8
		(2)	Statement of Changes in Equity	9
		(3)	Statement of Financial Position	10
		(4)	Statement of Cash Flows	11
		(5)	Notes to the Financial Statements	12 to 53
		(6)	Additional Information	54
		(7)	Independent Auditor's Report	Last two pages
10.	Report and Financial Statements for the year ended 31 December 2012	(1)	Independent Auditors' Report	49 to 50
		(2)	Statement of Comprehensive Income	8
		(3)	Statement of Changes in Equity	9
		(4)	Statement of Financial Position	10
		(5)	Statement of Cash Flows	11
		(6)	Notes to the Financial Statements	12 to 47
		(7)	Additional information	48

Any statement contained in this Registration Document or any documents incorporated by reference herein, shall be deemed to be modified or superseded for the purpose of this Registration Document to the extent that a statement contained in any document subsequently incorporated by reference modifies or supersedes such statement.

For the purposes of Article 28.4 of the Commission Regulation (EU) No 809/2004, any non-incorporated parts of a document referred to herein are either deemed not relevant for an investor or are otherwise covered elsewhere in this Registration Document.

The non-incorporated parts of the documents listed above are as follows:

Document filed	Information not incorporated by reference
Morgan Stanley	
1. Quarterly Report on Form 10-Q for the quarter ended 31 March 2014	Exhibits
2. Annual Report on Form 10-K for the year ended 31 December 2013	Exhibits
3. Current Report on Form 8-K dated 14 April 2014	Exhibits
4. Current Report on Form 8-K dated 26 March 2014	Exhibits
5. Current Report on Form 8-K dated 4 February 2014	Exhibits
Morgan Stanley & Co. International plc	
6. Report and Financial Statements for the year ended 31 December 2013	Pages 1 to 14
7. Report and Financial Statements for the year ended 31 December 2012	Pages 1 to 13
Morgan Stanley B.V.	
8. Report and Financial Statements for the year ended 31 December 2013	Pages 1 to 7
9. Report and Financial Statements for the year ended 31 December 2012	Pages 1 to 7

Morgan Stanley's Annual Report on Form 10-K for the year ended 31 December 2013 (at pages 99-100), incorporated by reference, includes details of the long-term and short-term credit ratings assigned to Morgan Stanley by DBRS, Inc. ("**DBRS**"), Fitch Ratings, Inc. ("**Fitch**"), Moody's, Rating and Investment Information, Inc. ("**R&I**") and Standard & Poor's Financial Services LLC through its business unit Standard & Poor's Ratings Services ("**S&P**").

DBRS is not established in the European Economic Area ("**EEA**") but the ratings it has assigned to Morgan Stanley may be endorsed by DBRS Ratings Limited, which is established in the EEA and registered under Regulation 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies as amended from time to time (the "**CRA Regulation**") by the relevant competent authority.

Fitch is not established in the EEA but the rating it has assigned to Morgan Stanley is endorsed by Fitch Ratings Limited, a rating agency established in the EEA and registered under the CRA Regulation by the relevant competent authority.

Moody's is not established in the EEA but the rating it has assigned to Morgan Stanley is endorsed by Moody's Investors Service Limited, which is established in the EEA and registered under the CRA Regulation by the relevant competent authority.

R&I is not incorporated in the EEA and is not registered under the CRA Regulation in the EU.

S&P is not established in the EEA but the rating it has assigned to Morgan Stanley is, with effect from 9 April 2012, endorsed by Standard and Poor's Credit Market Services Europe Limited, a rating agency established in the EEA and registered under the CRA Regulation by the relevant competent authority.

This Registration Document and any supplement thereto will be published on the websites of (a) the Luxembourg Stock Exchange (www.bourse.lu) and (b) Morgan Stanley, MSI plc and MSBV (www.morganstanleyiq.eu).

Each of Morgan Stanley, MSI plc and MSBV will, at its principal executive offices (in the case of Morgan Stanley) or at its registered office (in the case of MSI plc or MSBV) and during the period of twelve months after the date of publication of this Registration Document, make available for inspection during normal business hours and free of charge, upon oral or written request:

- (a) a copy of this Registration Document and any document containing the sections relating to such company incorporated by reference in this Registration Document;
- (b) the Certificate of Incorporation and Amended and Restated By-laws of Morgan Stanley (these shall not be available at the registered office of MSI plc or MSBV);
- (c) the Certificate of Incorporation and the Articles of Association of MSI plc (these shall not be available at the principal office of Morgan Stanley or the registered office of MSBV);
- (d) the Deed of Incorporation of MSBV (this shall not be available at the principal office of Morgan Stanley or the registered office of MSI plc);
- (e) all reports, letters, and other documents, historical financial information, valuations and statements (if any) prepared by any expert at the request of any such company which is included or referred to in this Registration Document; and
- (f) the historical financial information of such company (or such company and its subsidiary undertakings) for each of the two financial years preceding the publication of this Registration Document.

In addition to the documents incorporated by reference in this Registration Document, Morgan Stanley files annual, quarterly and current reports, proxy statements and other information with the United States Securities and Exchange Commission (the "SEC"). Investors may read and copy any document that Morgan Stanley files with the SEC at the SEC's public reference room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at +1-800-SEC-0330 for information on the public reference room. The SEC maintains an internet site that contains annual, quarterly and current reports, proxy and information statements and other information that issuers (including Morgan Stanley) file electronically with the SEC. Morgan Stanley's electronic SEC filings are available to the public at the SEC's internet site www.sec.gov. Morgan Stanley also makes available, through its Investor Relations webpage, a link to the SEC's internet site. You can access Morgan Stanley's Investor Relations webpage at www.morganstanley.com/about/ir. The information contained on Morgan Stanley's website shall not form part of this Registration Document, unless such information has been expressly incorporated herein.

DESCRIPTION OF MORGAN STANLEY

1. INFORMATION ABOUT MORGAN STANLEY

History and development of Morgan Stanley

Legal name, place of registration and registration number, date of incorporation

Morgan Stanley was originally incorporated for an unlimited term under the laws of the State of Delaware on 1 October 1981 under registered number 0923632, and its predecessor companies date back to 1924. On 31 May 1997, Morgan Stanley Group, Inc. was merged with and into Dean Witter Discover & Co. ("**Dean Witter Discover**") in a merger of equals. At that time, Dean Witter Discover changed its corporate name to Morgan Stanley, Dean Witter, Discover & Co. ("**MSDWD**"). On 24 March 1998, MSDWD changed its corporate name to Morgan Stanley Dean Witter & Co, and to Morgan Stanley on 20 June 2002. Morgan Stanley is a financial holding company regulated by the Federal Reserve under the BHC Act.

Registered office

Morgan Stanley has its registered office at The Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801, U.S.A., and its principal executive offices at 1585 Broadway, New York, NY 10036, U.S.A., telephone number +1 (212) 761 4000.

Legal and commercial name

As at the date of this Registration Document, Morgan Stanley's legal and commercial name is "Morgan Stanley".

The following is an extract from the section entitled "*Supervision and Regulation*" in Part 1, Item 1 of the Annual Report on Form 10-K for the year ended 31 December 2013 of Morgan Stanley.

Supervision and Regulation

Morgan Stanley operates under the General Corporation Law of the State of Delaware. As a financial services firm, Morgan Stanley is subject to extensive regulation by U.S. federal and state regulatory agencies and securities exchanges and by regulators and exchanges in each of the major markets where it conducts its business. Moreover, in response to the 2007–2008 financial crisis, legislators and regulators, both in the U.S. and worldwide, are in the process of adopting, finalising and implementing a wide range of reforms that will result in major changes to the way Morgan Stanley is regulated and conducts its business. It will take time for the comprehensive effects of these reforms to emerge and be understood.

Regulatory Outlook

The Dodd-Frank Act was enacted on 21 July 2010. While certain portions of the Dodd-Frank Act became effective immediately, most other portions are effective following transition periods or through numerous rulemakings by multiple governmental agencies, and although a large number of rules have been proposed, many are still subject to final rulemaking or transition periods. U.S. regulators also plan to propose additional regulations to implement the Dodd-Frank Act. Accordingly, it remains difficult to assess fully the impact that the Dodd-Frank Act will have on Morgan Stanley and on the financial services industry generally. In addition, various international developments, such as the adoption of or further revisions to risk-based capital, leverage and liquidity standards by the Basel Committee on Banking Supervision (the "**Basel Committee**"), including Basel III, and the implementation of those standards in jurisdictions in which Morgan Stanley operates, will continue to impact Morgan Stanley in the coming years.

It is likely that 2014 and subsequent years will see further material changes in the way major financial institutions are regulated in both the U.S. and other markets in which Morgan Stanley operates, although it remains difficult to predict the exact impact these changes will have on Morgan Stanley business, financial condition, results of operations and cash flows for a particular future period.

Financial Holding Company

Consolidated Supervision

Morgan Stanley has operated as a bank holding company and financial holding company under the BHC Act since September 2008. As a bank holding company, Morgan Stanley is subject to comprehensive consolidated supervision, regulation and examination by the Federal Reserve. As a result of the Dodd-Frank Act, the Federal Reserve also gained heightened authority to examine, prescribe regulations and take action with respect to all of Morgan Stanley's subsidiaries. In particular, as a result of the Dodd-Frank Act, Morgan Stanley is, or will become, subject to (among other things) significantly revised and expanded regulation and supervision, to more intensive scrutiny of its businesses and plans for expansion of those businesses, to new activities limitations, to a systemic risk regime that will impose heightened capital and liquidity requirements, to new restrictions on activities and investments imposed by a section of the BHC Act added by the Dodd-Frank Act referred to as the "**Volcker Rule**" and to comprehensive new derivatives regulation. In addition, the Consumer Financial Protection Bureau has primary rulemaking, enforcement and examination authority over Morgan Stanley and its subsidiaries with respect to federal consumer protection laws, to the extent applicable.

Scope of Permitted Activities. The BHC Act places limits on the activities of bank holding companies and financial holding companies, and grants the Federal Reserve authority to limit Morgan Stanley's ability to conduct activities. Morgan Stanley must obtain Federal Reserve Board approval before engaging in certain banking and other financial activities both in the U.S. and internationally. Since becoming a bank holding company in September 2008, Morgan Stanley has disposed of certain nonconforming assets and conformed certain activities to the requirements of the BHC Act.

In addition, Morgan Stanley continues to engage in discussions with the Federal Reserve regarding its commodities activities, as the BHC Act also grandfathers "activities related to the trading, sale or investment in commodities and underlying physical properties," **provided that** Morgan Stanley was engaged in "any of such activities as of 30 September 1997 in the United States" and **provided that** certain other conditions that are within Morgan Stanley's reasonable control are satisfied. If the Federal Reserve were to determine that any of Morgan Stanley's commodities activities did not qualify for the BHC Act grandfather exemption, then Morgan Stanley would likely be required to divest any such activities that did not otherwise conform to the BHC Act. At this time, Morgan Stanley believes, based on its interpretation of applicable law, that (i) such commodities activities qualify for the BHC Act grandfather exemption or otherwise conform to the BHC Act, and (ii) if the Federal Reserve were to determine otherwise, any required divestment would not have a material adverse impact on its financial condition. In January 2014, the Federal Reserve issued an advance notice of proposed rulemaking, which seeks public comment on certain matters related to financial holding companies' physical commodity activities and merchant banking investments in nonfinancial companies.

Activities Restrictions under the Volcker Rule. In December 2013, U.S. regulators issued final regulations to implement the Volcker Rule. The Volcker Rule will, over time, prohibit "banking entities," including Morgan Stanley and its affiliates, from engaging in certain prohibited "proprietary trading" activities, as defined in the Volcker Rule, subject to exemptions for underwriting, market making-related activities, risk mitigating hedging and certain other activities. The Volcker Rule will also require banking entities to either restructure or unwind certain investments and relationships with "covered funds," as defined in the Volcker Rule. Banking entities have until 21 July 2015 to bring all of their activities and investments into conformance with the Volcker Rule, subject to possible extensions. The Volcker Rule requires banking entities to establish comprehensive compliance programs designed to help ensure and monitor compliance with restrictions under the Volcker Rule.

Morgan Stanley is continuing its review of activities that may be affected by the Volcker Rule, including its trading operations and asset management activities, and is taking steps to establish the necessary compliance programs to comply with the Volcker Rule. Morgan Stanley had already taken certain steps to comply with the Volcker Rule prior to the issuance of final regulations, including, for example, the divestiture of its in-house proprietary quantitative trading unit in January 2013. Given the complexity of the new framework, the full impact of the Volcker Rule is still uncertain, and will ultimately depend on the interpretation and implementation by the five regulatory agencies responsible for its oversight.

Capital and Liquidity Standards. The Federal Reserve establishes capital requirements for Morgan Stanley and evaluates its compliance with such capital requirements. The OCC establishes similar capital requirements and standards for Morgan Stanley's Subsidiary Banks. Under existing capital regulations, for Morgan Stanley to remain a financial holding company, its Subsidiary Banks must qualify as "well-capitalized" by maintaining a total risk-based capital ratio (total capital to risk-weighted assets) of at least 10 per cent. and a Tier 1 risk-based capital ratio

of at least 6 per cent. To maintain its status as a financial holding company, Morgan Stanley is also required to be "well-capitalized" by maintaining these capital ratios. Effective 1 January 2015, the "well-capitalized" standard for Morgan Stanley's Subsidiary Banks will be revised to reflect the higher capital requirements in the U.S. Basel III final rule, as defined below. The Federal Reserve may require Morgan Stanley and its peer financial holding companies to maintain risk and leverage-based capital ratios substantially in excess of mandated minimum levels, depending upon general economic conditions and a financial holding company's particular condition, risk profile and growth plans. In addition, under the Federal Reserve and OCC's leverage capital rules, Morgan Stanley and the Subsidiary Banks are subject to a minimum Tier 1 leverage ratio (Tier 1 capital to average total consolidated assets) of 4 per cent.

As of 31 December 2013, Morgan Stanley calculated its capital ratios and risk-weighted assets in accordance with the existing capital adequacy standards for financial holding companies adopted by the Federal Reserve. These existing capital standards are based upon a framework described in the *"International Convergence of Capital Measurement and Capital Standards,"* July 1988, as amended, also referred to as Basel I. In December 2007, the U.S. banking regulators published final regulations incorporating the Basel II Accord, which requires internationally active U.S. banking organizations, as well as certain of their U.S. bank subsidiaries, to implement Basel II standards over the next several years. On 1 January 2013, the U.S. banking regulators' rules to implement the Basel Committee's market risk capital framework, referred to as "Basel 2.5," became effective, which increased the capital requirements for securitizations and correlation trading within Morgan Stanley's trading book, as well as incorporated add-ons for stressed Value-at-Risk and incremental risk requirements.

In December 2010, the Basel Committee reached an agreement on Basel III. In July 2013, the U.S. banking regulators promulgated final rules to implement many aspects of Basel III (the "**U.S. Basel III final rule**"). Morgan Stanley became subject to the U.S. Basel III final rule on 1 January 2014. Certain requirements in the U.S. Basel III final rule, including the minimum risk-based capital ratios and new capital buffers, will commence or be phased in over several years.

The U.S. Basel III final rule contains new capital standards that raise capital requirements, strengthen counterparty credit risk capital requirements, introduce a leverage ratio as a supplemental measure to the risk-based ratio and replace the use of externally developed credit ratings with alternatives such as the Organisation for Economic Co-operation and Development's country risk classifications. Under the U.S. Basel III final rule, Morgan Stanley is subject, on a fully phased-in basis, to a minimum Common Equity Tier 1 risk-based capital ratio of 4.5 per cent., a minimum Tier 1 risk-based capital ratio of 6 per cent. and a minimum total risk-based capital ratio of 8 per cent. Morgan Stanley is also subject to a 2.5 per cent. Common Equity Tier 1 capital conservation buffer and, if deployed, up to a 2.5 per cent. Common Equity Tier 1 countercyclical buffer, on a fully phased-in basis by 2019. Failure to maintain such buffers will result in restrictions on Morgan Stanley's ability to make capital distributions, including the payment of dividends and the repurchase of stock, and to pay discretionary bonuses to executive officers. In addition, certain new items will be deducted from Common Equity Tier 1 capital and certain existing deductions will be modified. The majority of these capital deductions is subject to a phase-in schedule and will be fully phased in by 2018. Under the U.S. Basel III final rule, unrealised gains and losses on available-for-sale securities will be reflected in Common Equity Tier 1 capital, subject to a phase-in schedule.

U.S. banking regulators have published final regulations implementing a provision of the Dodd-Frank Act requiring that certain institutions supervised by the Federal Reserve, including Morgan Stanley, be subject to minimum capital requirements that are not less than the generally applicable risk-based capital requirements. Currently, this minimum "capital floor" is based on Basel I. From 1 January 2015, the U.S. Basel III final rule will replace the current Basel I-based "capital floor" with a standardised approach that, among other things, modifies the existing risk weights for certain types of asset classes. The "capital floor" applies to the calculation of minimum risk-based capital requirements as well as the capital conservation buffer and, if deployed, the countercyclical capital buffer.

On 21 February 2014, the Federal Reserve and the OCC approved Morgan Stanley's and the Subsidiary Banks' respective use of the U.S. Basel III advanced internal ratings-based approach for determining credit risk capital requirements and advanced measurement approaches for determining operational risk capital requirements (collectively, the "**advanced approaches method**") to calculate and publicly disclose their risk-based capital ratios beginning with the second quarter of 2014, subject to the "capital floor" discussed above. One of the stipulations for this approval is that Morgan Stanley will be required to satisfy certain conditions, as agreed to with the regulators, regarding the modelling used to determine its estimated risk-weighted assets associated with operational risk.

In addition to the U.S. Basel III final rule, the Dodd-Frank Act requires the Federal Reserve to establish more stringent capital requirements for certain bank holding companies, including Morgan Stanley. The Federal Reserve has indicated that it intends to address this requirement by implementing the Basel Committee's capital surcharge for

global systemically important banks ("**G-SIBs**"). The Financial Stability Board ("**FSB**") has provisionally identified the G-SIBs and assigned each G-SIB a Common Equity Tier 1 capital surcharge ranging from 1.0 per cent. to 2.5 per cent. of risk-weighted assets. Morgan Stanley is provisionally assigned a G-SIB capital surcharge of 1.5 per cent. The FSB has stated that it intends to update the list of G-SIBs annually.

The U.S. Basel III final rule also subjects certain banking organisations, including Morgan Stanley, to a minimum supplementary leverage ratio of 3 per cent. beginning on 1 January 2018. In January 2014, the Basel Committee finalised revisions to the denominator of the Basel III leverage ratio. The revised denominator differs from the supplementary leverage ratio in the treatment of, among other things, derivatives, securities financing transactions and other off-balance sheet items. U.S. banking regulators may issue regulations to implement the revised Basel III leverage ratio.

The U.S. banking regulators have also proposed a rule to implement enhanced supplementary leverage standards for certain large bank holding companies and their subsidiary insured depository institutions, including Morgan Stanley and the Subsidiary Banks. Under this proposal, a covered bank holding company would need to maintain a leverage buffer of Tier 1 capital of greater than 2 per cent. in addition to the 3 per cent. minimum (for a total of greater than 5 per cent.), in order to avoid limitations on capital distributions, including dividends and stock repurchases, and discretionary bonus payments to executive officers. This proposal would further establish a "well capitalized" threshold based on a supplementary leverage ratio of 6 per cent. for insured depository institution subsidiaries, including the Subsidiary Banks. If this proposal is adopted, its requirements would become effective on 1 January 2018 with public disclosure of the ratio required beginning in 2015.

The Basel Committee has developed two standards intended for use in liquidity risk supervision, the Liquidity Coverage Ratio ("**LCR**") and the Net Stable Funding Ratio ("**NSFR**"). The LCR was developed to ensure banks have sufficient high-quality liquid assets to cover net cash outflows arising from significant stress over 30 calendar days. This standard's objective is to promote the short-term resilience of the liquidity risk profile of banks and bank holding companies. The NSFR has a time horizon of one year and is defined as the ratio of the amount of available stable funding to the amount of required stable funding. This standard's objective is to promote resilience over a longer time horizon. In January 2014, the Basel Committee proposed revisions to the original December 2010 version of the NSFR and continues to contemplate the introduction of the NSFR, including any final revisions, as a minimum standard by 1 January 2018.

In October 2013, the U.S. banking regulators proposed a rule to implement the LCR in the U.S. ("**U.S. LCR proposal**"). The U.S. LCR proposal would apply to Morgan Stanley and the Subsidiary Banks. The U.S. LCR proposal is more stringent in certain respects compared to the Basel Committee's version of the LCR, and includes a generally narrower definition of high-quality liquid assets, a different methodology for calculating net cash outflows during the 30-day stress period as well as a shorter, two-year phase-in period that ends on 31 December 2016. The Federal Reserve has also indicated that it may implement regulatory measures related to short-term wholesale funding.

Capital Planning, Stress Tests and Dividends. Pursuant to the Dodd-Frank Act, the Federal Reserve has adopted capital planning and stress test requirements for large bank holding companies, including Morgan Stanley, which form part of the Federal Reserve's annual Comprehensive Capital Analysis and Review ("**CCAR**") framework. Under the Federal Reserve's capital plan final rule, Morgan Stanley must submit an annual capital plan to the Federal Reserve, taking into account the results of separate stress tests designed by Morgan Stanley and the Federal Reserve.

The capital plan must include a description of all planned capital actions over a nine-quarter planning horizon, including any issuance of a debt or equity capital instrument, any capital distribution (i.e., payments of dividends or stock repurchases), and any similar action that the Federal Reserve determines could impact the bank holding company's consolidated capital. The capital plan must include a discussion of how the bank holding company will maintain capital above the minimum regulatory capital ratios, including the minimum ratios under the U.S. Basel III final rule that are phased in over the planning horizon, and above a Tier 1 common risk-based capital ratio of 5 per cent., and serve as a source of strength to its subsidiary U.S. depository institutions under supervisory stress scenarios. The capital plan final rule requires that such companies receive no objection from the Federal Reserve before making a capital distribution. In addition, even with an approved capital plan, the bank holding company must seek the approval of the Federal Reserve before making a capital distribution if, among other reasons, the bank holding company would not meet its regulatory capital requirements after making the proposed capital distribution. In addition to capital planning requirements, the OCC, the Federal Reserve and the Federal Deposit Insurance Corporation ("**FDIC**") have authority to prohibit or to limit the payment of dividends by the banking organisations they supervise, including Morgan Stanley and the Subsidiary Banks, if, in the banking regulator's opinion, payment

of a dividend would constitute an unsafe or unsound practice in light of the financial condition of the banking organisation. All of these policies and other requirements could influence Morgan Stanley's ability to pay dividends and repurchase stock, or require it to provide capital assistance to the Subsidiary Banks under circumstances which Morgan Stanley would not otherwise decide to do so.

Morgan Stanley submitted its 2014 annual capital plan to the Federal Reserve in January 2014. In March 2014, the Federal Reserve published summary results of the Dodd-Frank Act and CCAR supervisory stress tests of each large bank holding company, including the Company. The Company received no objection to its 2014 capital plan.

In October 2012, the Federal Reserve issued its stress test final rule as required by the Dodd-Frank Act that requires Morgan Stanley to conduct semi-annual company-run stress tests. Under this rule, Morgan Stanley is required to publicly disclose the summary results of its company-run stress tests under the severely adverse economic scenario. The rule also subjects Morgan Stanley to an annual supervisory stress test conducted by the Federal Reserve. The capital planning and stress testing requirements for large bank holding companies form part of the Federal Reserve's annual CCAR process.

The Dodd-Frank Act also requires each of the Subsidiary Banks to conduct an annual stress test, although MSPNA was given an exemption by the OCC for the 2014 stress test. MSBNA submitted its 2014 annual company-run stress tests to the OCC and the Federal Reserve on 6 January 2014.

See also "*Capital and Liquidity Standards*" above.

Systemic Risk Regime. The Dodd-Frank Act established a regulatory framework applicable to financial institutions deemed to pose systemic risks. Bank holding companies with \$50 billion or more in consolidated assets, such as Morgan Stanley, became automatically subject to the systemic risk regime in July 2010. A new oversight body, the Financial Stability Oversight Council (the "**Council**"), can recommend prudential standards, reporting and disclosure requirements to the Federal Reserve for systemically important financial institutions, must approve any finding by the Federal Reserve that a financial institution poses a grave threat to financial stability and must undertake mitigating actions. The Council is also empowered to designate systemically important payment, clearing and settlement activities of financial institutions, subjecting them to prudential supervision and regulation and, assisted by the new Office of Financial Research within the U.S. Department of the Treasury ("**U.S. Treasury**") (established by the Dodd-Frank Act), can gather data and reports from financial institutions, including Morgan Stanley.

Pursuant to the Dodd-Frank Act, Morgan Stanley must also provide to the Federal Reserve and FDIC, and MSBNA must provide to the FDIC, an annual plan for rapid and orderly resolution in the event of material financial distress. Morgan Stanley and MSBNA submitted their most recent annual resolution plans to the Federal Reserve and the FDIC, as required, on 1 October 2013.

In February 2014, the Federal Reserve issued final rules to implement certain requirements of the Dodd-Frank Act's systemic risk regime. Effective on 1 January 2015, the final rules will require bank holding companies with \$50 billion or more in total consolidated assets, such as Morgan Stanley, to conduct internal liquidity stress tests, maintain unencumbered highly liquid assets to meet projected net cash outflows for 30 days over the range of liquidity stress scenarios used in internal stress tests, and comply with various liquidity risk management requirements. In addition, the final rules will require institutions to comply with a range of risk management and corporate governance requirements, such as establishment of a risk committee of the board of directors and appointment of a chief risk officer, both of which Morgan Stanley already has. Under the final rules, upon a grave threat determination by the Council, the Federal Reserve must require financial institutions subject to the systemic risk regime to maintain a debt-to-equity ratio of no more than 15-to-1 if the Council considers it necessary to mitigate the risk.

The systemic risk regime provides that, for institutions posing a grave threat to U.S. financial stability, the Federal Reserve, upon Council vote, must limit that institution's ability to merge, restrict its ability to offer financial products, require it to terminate activities, impose conditions on activities or, as a last resort, require it to dispose of assets. The Federal Reserve also has the ability to establish further standards, including those regarding contingent capital, enhanced public disclosures, and limits on short-term debt, including off-balance sheet exposures.

In addition, the Federal Reserve has proposed rules that would limit the aggregate exposure of each bank holding company with \$500 billion or more in total consolidated assets, such as Morgan Stanley, and each company designated by the Council, to each other such institution to 10 per cent. of the aggregate capital and surplus of each institution, and limit the aggregate exposure of such institutions to any other unaffiliated counterparty to 25 per cent.

of the institution's aggregate capital and surplus. The proposed rules would also create a new early remediation framework to address financial distress or material management weaknesses determined with reference to four levels of early remediation, including heightened supervisory review, initial remediation, recovery, and resolution assessment, with specific limitations and requirements tied to each level. The Federal Reserve has stated that it will issue, at a later date, final rules establishing single counterparty credit limits and an early remediation framework.

See also "*Capital and Liquidity Standards*" above and "*Orderly Liquidation Authority*" below.

Orderly Liquidation Authority. Under the Dodd-Frank Act, certain financial companies, including bank holding companies such as Morgan Stanley and certain covered subsidiaries, can be subjected to resolution under a new orderly liquidation authority. The U.S. Treasury Secretary, in consultation with the President of the U.S., must first make certain extraordinary financial distress and systemic risk determinations, and action must be recommended by two-thirds of the FDIC Board and two-thirds of the Federal Reserve Board. Absent such actions, Morgan Stanley as a bank holding company would remain subject to resolution under the U.S. Bankruptcy Code.

The orderly liquidation authority went into effect in July 2010, and rulemaking is proceeding in stages, with some regulations now finalized and others planned but not yet proposed. If Morgan Stanley were subject to the orderly liquidation authority, the FDIC would be appointed receiver, which would give the FDIC considerable powers to resolve Morgan Stanley, including (i) the power to remove officers and directors responsible for Morgan Stanley's failure and to appoint new directors and officers; (ii) the power to assign assets and liabilities to a third party or bridge financial company without the need for creditor consent or prior court review; (iii) the ability to differentiate among creditors, including by treating junior creditors better than senior creditors, subject to a minimum recovery right to receive at least what they would have received in bankruptcy liquidation; and (iv) broad powers to administer the claims process to determine distributions from the assets of the receivership to creditors not transferred to a third party or bridge financial institution. In December 2013, the FDIC released its proposed single point of entry strategy for resolution of a systemically important financial institution under the orderly liquidation authority. The FDIC's release outlines how it would use its powers under the orderly liquidation authority to resolve a systemically important financial institution by placing its top-tier U.S. holding company in receivership and keeping its operating subsidiaries open and out of insolvency proceedings by transferring the operating subsidiaries to a new bridge holding company, recapitalising the operating subsidiaries and imposing losses on the shareholders and creditors of the holding company in receivership according to their statutory order of priority. The Federal Reserve has indicated that it may also introduce a requirement that certain large bank holding companies maintain a minimum amount of long-term debt at the holding company level to facilitate orderly resolution of those firms.

U.S. Subsidiary Banks.

U.S. Banking Institutions. MSBNA, primarily a wholesale commercial bank, offers retail securities-based lending and commercial lending services in addition to deposit products. Certain foreign exchange activities are also conducted in MSBNA. As an FDIC-insured national bank, MSBNA is subject to supervision, regulation and examination by the OCC.

MSPNA offers certain mortgage and other secured lending products primarily for customers of its affiliate retail broker-dealer, Morgan Stanley Smith Barney LLC ("**MSSB LLC**"). MSPNA also offers certain deposit products, as well as prime brokerage custody services. MSPNA is an FDIC-insured national bank whose activities are subject to supervision, regulation and examination by the OCC.

Effective 1 October 2013, the lending limits applicable to Morgan Stanley's U.S. Subsidiary Banks were revised to take into account credit exposure arising from derivative transactions, securities lending, securities borrowing and repurchase and reverse repurchase agreements with third parties.

In January 2014, the OCC proposed a set of specific risk governance guidelines to formalize its heightened expectations for large national banks, including MSBNA. The proposed guidelines set minimum standards for the design and implementation of a bank's risk governance framework and the oversight of that framework by a bank's board of directors.

Prompt Corrective Action. The Federal Deposit Insurance Corporation Improvement Act of 1991 provides a framework for regulation of depository institutions and their affiliates, including parent holding companies, by their federal banking regulators. Among other things, it requires the relevant federal banking regulator to take "prompt corrective action" ("**PCA**") with respect to a depository institution if that institution does not meet certain capital adequacy standards. Current PCA regulations generally apply only to insured banks and thrifts such as MSBNA or MSPNA and not to their parent holding companies. The Federal Reserve is, however, subject to limitations,

authorised to take appropriate action at the holding company level. In addition, as described above, under the systemic risk regime, Morgan Stanley will become subject to an early remediation protocol in the event of financial distress. The Dodd-Frank Act also formalised the requirement that bank holding companies, such as Morgan Stanley, serve as a source of strength to their U.S. bank subsidiaries and commit resources to support these subsidiaries in the event such subsidiaries are in financial distress.

Transactions with Affiliates. Morgan Stanley's U.S. bank subsidiaries are subject to Sections 23A and 23B of the Federal Reserve Act, which impose restrictions on any extensions of credit to, purchase of assets from, and certain other transactions with, any affiliates. These restrictions limit the total amount of credit exposure that they may have to any one affiliate and to all affiliates, as well as collateral requirements, and they require all such transactions to be made on market terms. Effective July 2012, derivatives, securities borrowing and securities lending transactions between Morgan Stanley's U.S. bank subsidiaries and their affiliates became subject to these restrictions. The Federal Reserve has indicated that it will propose rulemaking to implement these restrictions. These reforms will place limits on Morgan Stanley's U.S. bank subsidiaries' ability to engage in derivatives, repurchase agreements and securities lending transactions with other affiliates of Morgan Stanley.

In addition, the Volcker Rule generally prohibits "covered transactions," such as extensions of credit, between (i) Morgan Stanley or any of its affiliates and (ii) "covered funds" for which Morgan Stanley or any of its affiliates serve as the investment manager, investment adviser, commodity trading advisor or sponsor and other "covered funds" organised and offered pursuant to specific exemptions in the Volcker Rule.

FDIC Regulation. An FDIC-insured depository institution is generally liable for any loss incurred or expected to be incurred by the FDIC in connection with the failure of an insured depository institution under common control by the same bank holding company. As FDIC-insured depository institutions, MSBNA and MSPNA are exposed to each others' losses. In addition, both institutions are exposed to changes in the cost of FDIC insurance. In 2010, the FDIC adopted a restoration plan to replenish the reserve fund over a multi-year period. Under the Dodd-Frank Act, some of the restoration must be paid for exclusively by large depository institutions, including MSBNA, and FDIC deposit insurance assessments are calculated using a new methodology that generally favors banks that are mostly funded by deposits.

Institutional Securities and Wealth Management.

Broker-Dealer and Investment Adviser Regulation. Morgan Stanley's primary U.S. broker-dealer subsidiaries, MS&Co. and MSSB LLC, are registered broker-dealers with the SEC and in all 50 states, the District of Columbia, Puerto Rico and the U.S. Virgin Islands, and are members of various self-regulatory organisations, including the Financial Industry Regulatory Authority, Inc. ("**FINRA**"), and various securities exchanges and clearing organisations. Broker-dealers are subject to laws and regulations covering all aspects of the securities business, including sales and trading practices, securities offerings, publication of research reports, use of customers' funds and securities, capital structure, recordkeeping and retention, and the conduct of their directors, officers, representatives and other associated persons. Broker-dealers are also regulated by securities administrators in those states where they do business. Violations of the laws and regulations governing a brokerdealer's actions could result in censures, fines, the issuance of cease-and-desist orders, revocation of licenses or registrations, the suspension or expulsion from the securities industry of such broker-dealer or its officers or employees, or other similar consequences by both federal and state securities administrators.

In addition, MSSB LLC is a registered investment adviser with the SEC. MSSB LLC's relationship with its investment advisory clients is subject to the fiduciary and other obligations imposed on investment advisors under the Investment Advisers Act of 1940, and the rules and regulations promulgated thereunder as well as various state securities laws. These laws and regulations generally grant the SEC and other supervisory bodies with broad administrative powers to address non-compliance, including the power to restrict or limit MSSB LLC from carrying on its investment advisory and other asset management activities. Other sanctions that may be imposed include the suspension of individual employees, limitations on engaging in certain activities for specified periods of time or for specified types of clients, the revocation of registrations, other censures and significant fines.

The Dodd-Frank Act includes various provisions that affect the regulation of broker-dealer sales practices and customer relationships. For example, the SEC is authorised to adopt a fiduciary duty applicable to broker-dealers when providing personalised investment advice about securities to retail customers. The U.S. Department of Labor is considering revisions to regulations under the Employee Retirement Income Security Act of 1974 that could subject broker-dealers to a fiduciary duty and prohibit specified transactions for a wider range of customer interactions. These developments may impact the manner in which affected businesses are conducted, decrease profitability and increase potential liabilities.

Margin lending by broker-dealers is regulated by the Federal Reserve's restrictions on lending in connection with customer and proprietary purchases and short sales of securities, as well as securities borrowing and lending activities. Broker-dealers are also subject to maintenance and other margin requirements imposed under FINRA and other self-regulatory organisation rules. In many cases, Morgan Stanley's broker-dealer subsidiaries' margin policies are more stringent than these rules.

As registered U.S. broker-dealers, certain subsidiaries of Morgan Stanley are subject to the SEC's net capital rule and the net capital requirements of various exchanges, other regulatory authorities and self-regulatory organisations. Many non-U.S. regulatory authorities and exchanges also have rules relating to capital and, in some cases, liquidity requirements that apply to Morgan Stanley's non-U.S. broker-dealer subsidiaries. These rules are generally designed to measure general financial integrity and/or liquidity and require that at least a minimum amount of net and/or liquid assets be maintained by the subsidiary. See also "*Financial Holding Company - Consolidated Supervision*" and "*Financial Holding Company - Capital and Liquidity Standards*" above. Rules of FINRA and other self-regulatory organisations also impose limitations and requirements on the transfer of member organisations' assets.

Compliance with regulatory capital requirements may limit Morgan Stanley's operations requiring the intensive use of capital. Such requirements restrict Morgan Stanley's ability to withdraw capital from its broker-dealer subsidiaries, which in turn may limit its ability to pay dividends, repay debt, or redeem or purchase shares of its own outstanding stock. Any change in such rules or the imposition of new rules affecting the scope, coverage, calculation or amount of capital requirements, or a significant operating loss or any unusually large charge against capital, could adversely affect Morgan Stanley's ability to pay dividends or to expand or maintain present business levels. In addition, such rules may require Morgan Stanley to make substantial capital infusions into one or more of its broker-dealer subsidiaries in order for such subsidiaries to comply with such rules.

MS&Co. and MSSB LLC are members of the Securities Investor Protection Corporation ("**SIPC**"), which provides protection for customers of broker-dealers against losses in the event of the insolvency of a broker-dealer. SIPC protects customers' eligible securities held by a member broker-dealer up to \$500,000 per customer for all accounts in the same capacity subject to a limitation of \$250,000 for claims for uninvested cash balances. To supplement this SIPC coverage, each of MS&Co. and MSSB LLC have purchased additional protection for the benefit of their customers in the form of an annual policy issued by certain underwriters and various insurance companies that provides protection for each eligible customer above SIPC limits subject to an aggregate firmwide cap of \$1 billion with no per client sublimit for securities and a \$1.9 million per client limit for the cash portion of any remaining shortfall. As noted under "*Financial Holding Company—Systemic Risk Regime*" above, the Dodd-Frank Act contains special provisions for the orderly liquidation of covered financial institutions (which could potentially include MS&Co. and/or MSSB LLC). While these provisions are generally intended to provide customers of covered broker-dealers with protections at least as beneficial as they would enjoy in a broker-dealer liquidation proceeding under the Securities Investor Protection Act, the details and implementation of such protections are subject to further rulemaking.

The SEC adopted rules requiring broker-dealers to maintain risk management controls and supervisory procedures with respect to providing access to securities markets, which became fully effective in 2012. In July 2012, the SEC adopted a consolidated audit trail rule, which, when fully implemented, will require broker-dealers to report into one consolidated audit trail comprehensive information about every material event in the lifecycle of every quote, order, and execution in all exchange-listed stocks and options. It is possible that the SEC or self-regulatory organisations could propose or adopt additional market structure rules for equity and fixed income markets in the future. The provisions, new rules and proposals discussed above could result in increased costs and could otherwise adversely affect trading volumes and other conditions in the markets in which we operate.

Regulation of Futures Activities and Certain Commodities Activities. As futures commission merchants, MS&Co. and MSSB LLC are subject to net capital requirements of, and their activities are regulated by, the U.S. Commodity Futures Trading Commission (the "**CFTC**"), the National Futures Association (the "**NFA**"), a registered futures association, and various commodity futures exchanges. MS&Co. and MSSB LLC and certain of their affiliates are registered members of the NFA in various capacities. Rules and regulations of the CFTC, NFA and commodity futures exchanges address obligations related to, among other things, the segregation of customer funds and the holding apart of a secured amount, the use by futures commission merchants of customer funds, recordkeeping and reporting obligations, risk disclosure, risk management and discretionary trading. MS&Co. and MSSB LLC have affiliates that are registered as commodity trading advisors and/or commodity pool operators, or are operating under certain exemptions from such registration pursuant to CFTC rules and other guidance. Under CFTC and NFA rules, commodity trading advisors who manage accounts and commodity pool operators that are registered with the NFA must distribute disclosure documents and maintain specified records relating to their activities, and commodity trading advisors and commodity pool operators have certain responsibilities with respect to each pool they advise or

operate. Violations of the rules of the CFTC, the NFA or the commodity exchanges could result in remedial actions, including fines, registration restrictions or terminations, trading prohibitions or revocations of commodity exchange memberships.

Morgan Stanley's commodities activities are subject to extensive and evolving energy, commodities, environmental, health and safety and other governmental laws and regulations in the U.S. and abroad. Intensified scrutiny of certain energy markets by U.S. federal, state and local authorities in the U.S. and abroad and by the public has resulted in increased regulatory and legal enforcement and remedial proceedings involving energy companies, including those engaged in power generation and liquid hydrocarbons trading. Terminal facilities and other assets relating to Morgan Stanley's commodities activities also are subject to environmental laws both in the U.S. and abroad. In addition, pipeline, transport and terminal operations are subject to state laws in connection with the cleanup of hazardous substances that may have been released at properties currently or previously owned or operated by us or locations to which we have sent wastes for disposal. See also "*Financial Holding Company - Scope of Permitted Activities*" above.

Derivatives Regulation. Through the Dodd-Frank Act, Morgan Stanley faces a comprehensive U.S. regulatory regime for its activities in certain OTC derivatives. The regulation of "swaps" and "security-based swaps" (collectively, "**Swaps**") in the U.S. is being, and will continue to be, effected and implemented through the CFTC, SEC and other agency regulations. The CFTC has completed the majority of its regulations in this area, most of which are in effect. The SEC and other agencies charged with regulating Swaps have not yet adopted the majority of their Swap regulations.

Subject to certain limited exceptions, the Dodd-Frank Act requires central clearing of certain types of Swaps, public and regulatory reporting, and mandatory trading on regulated exchanges or execution facilities. Reporting requirements for CFTC-regulated Swaps are now in effect and certain types of CFTC-regulated interest rate and index credit default swaps are subject to mandatory central clearing. Certain Swaps will be required to be traded on an exchange or execution facility starting in February 2014.

The Dodd-Frank Act also requires the registration of "swap dealers" and "major swap participants" with the CFTC and "security-based swap dealers" and "major security-based swap participants" with the SEC (collectively, "**Swaps Entities**"). Certain of Morgan Stanley's subsidiaries have registered with the CFTC as swap dealers and in the future additional subsidiaries may register with the CFTC as swap dealers. One or more subsidiaries of Morgan Stanley will in the future be required to register with the SEC as security-based swap dealers.

Swaps Entities are or will be subject to a comprehensive regulatory regime with new obligations for the Swaps activities for which they are registered, including new capital requirements, a new margin regime for uncleared Swaps and a new segregation regime for collateral of counterparties to uncleared Swaps. Swaps Entities are subject to additional duties, including, among others, internal and external business conduct and documentation standards with respect to their Swaps counterparties, recordkeeping and reporting. Morgan Stanley's swap dealers are also subject to new rules under the Dodd-Frank Act regarding segregation of customer collateral for cleared transactions, large trader reporting, and anti-fraud and anti-manipulation requirements related to activities in Swaps.

The specific parameters of these requirements for Swaps have been and continue to be developed through CFTC, SEC and bank regulator rulemakings. While many of the CFTC's requirements are already final and effective, others are subject to further rulemaking or deferred compliance dates. In particular, the CFTC, SEC and the banking regulators have proposed, but not yet adopted, rules regarding margin and capital requirements for Swaps Entities. In September 2013, the Basel Committee and the International Organization of Securities Commissions released their final policy framework on margin requirements for non-centrally-cleared derivatives. The full impact on Morgan Stanley of the U.S. agencies' margin and capital requirements for Swaps Entities will not be known with certainty until the requirements are finalised. In November 2013, the CFTC re-proposed rules that, if finalised as proposed, would limit positions in 28 agricultural, energy and metals commodities, including swaps, futures and options that are economically equivalent to those commodity contracts. Through this reproposal, the CFTC is taking steps to institute position limits that were previously finalised in November 2011 but were vacated by a federal court in September 2012.

Although the full impact of U.S. derivatives regulation on Morgan Stanley remains unclear, Morgan Stanley has already, and will continue to, face increased costs and regulatory oversight due to the registration and regulatory requirements indicated above. Complying with the Swaps rules also has required, and will in the future require, Morgan Stanley to change its Swaps businesses, and has required, and will in the future require, extensive systems and personnel changes. Compliance with Swap-related partially finalised regulatory capital requirements may require Morgan Stanley to devote more capital to its Swaps business.

In July 2013, the CFTC issued final guidance on the cross-border application of its Swaps regulations and an exemptive order providing a delay in compliance timing of certain of those regulations as applied to certain non-U.S. entities engaging in Swaps activities. Even with the issuance of the guidance, the full scope of the extraterritorial impact of U.S. Swaps regulation remains unclear.

The E.U. has adopted and implemented certain rules relating to the OTC derivatives market and these rules imposed regulatory reporting beginning in February 2014. The E.U. plans to impose central clearing requirements on OTC derivatives in the future. In addition, other non-U.S. jurisdictions are in the process of adopting and implementing legislation emanating from the G20 commitments that will require, among other things, the central clearing of certain OTC derivatives, mandatory reporting of derivatives and bilateral risk mitigation procedures for non-cleared trades. It remains unclear at present how the non-U.S. and U.S. derivatives regulatory regimes will interact.

Non-U.S. Regulation. Morgan Stanley's Institutional Securities businesses also are regulated extensively by non-U.S. regulators, including governments, securities exchanges, commodity exchanges, self-regulatory organisations, central banks and regulatory bodies, especially in those jurisdictions in which Morgan Stanley maintains an office. Non-U.S. policy makers and regulators, including the European Commission and European Supervisory Authorities, continue to propose and adopt numerous market reforms, including those that may further impact the structure of banks, and formulate regulatory standards and measures that will be of relevance and importance to Morgan Stanley's European operations. Certain Morgan Stanley subsidiaries are regulated as broker-dealers under the laws of the jurisdictions in which they operate. Subsidiaries engaged in banking and trust activities outside the U.S. are regulated by various government agencies in the particular jurisdiction where they are chartered, incorporated and/or conduct their business activity. For instance, the Prudential Regulation Authority ("**PRA**"), the Financial Conduct Authority ("**FCA**") and several securities and futures exchanges in the United Kingdom ("**U.K.**"), including the London Stock Exchange and Euronext.liffe, regulate Morgan Stanley's activities in the U.K.; the Bundesanstalt für Finanzdienstleistungsaufsicht (the Federal Financial Supervisory Authority) and the Deutsche Börse AG regulate its activities in the Federal Republic of Germany; Eidgenössische Finanzmarktaufsicht (the Financial Market Supervisory Authority) regulates its activities in Switzerland; the Financial Services Agency, the Bank of Japan, the Japanese Securities Dealers Association and several Japanese securities and futures exchanges, including the Tokyo Stock Exchange, the Osaka Securities Exchange and the Tokyo International Financial Futures Exchange, regulate its activities in Japan; the Hong Kong Securities and Futures Commission, the Hong Kong Monetary Authority and the Hong Kong Exchanges and Clearing Limited regulate its operations in Hong Kong; and the Monetary Authority of Singapore and the Singapore Exchange Limited regulate its business in Singapore.

Regulators in the U.K., E.U. and other major jurisdictions have also finalised or are in the process of proposing or finalising risk-based capital, leverage capital, liquidity, banking structural reforms and other regulatory standards applicable to certain Morgan Stanley subsidiaries that operate in those jurisdictions. For example, Morgan Stanley's primary broker-dealer in the U.K., Morgan Stanley & Co. International plc ("**MSIP**"), is subject to regulation and supervision by the PRA with respect to prudential matters. As a prudential regulator, the PRA seeks to promote the safety and soundness of the firms that it regulates and to minimise the adverse effects that such firms may have on the stability of the U.K. financial system. The PRA has broad legal authority to establish prudential and other standards to pursue these objectives, including approvals of relevant regulatory models, as well as to bring formal and informal supervisory and disciplinary actions against regulated firms to address noncompliance with such standards. MSIP is also regulated and supervised by the FCA with respect to business conduct matters. On 1 January 2014, MSIP became subject to the Capital Requirements Regulation and Capital Requirements (collectively, "**CRD IV**"), which implements the Basel III and other regulatory requirements for E.U. investment firms, such as MSIP. European Market Infrastructure Regulation introduces new requirements regarding the central clearing, reporting and conduct of business with respect to derivatives. In addition, proposals to revise the Markets in Financial Instruments Directive would introduce various trading and market infrastructure reforms in the E.U. Lawmakers in the E.U. are also in the process of finalising a proposed directive that would establish a framework for the recovery and resolution of E.U. credit institutions and investment firms, including MSIP.

Investment Management

Many of the subsidiaries engaged in Morgan Stanley's asset management activities are registered as investment advisers with the SEC. Many aspects of Morgan Stanley's asset management activities are subject to federal and state laws and regulations primarily intended to benefit the investor or client. These laws and regulations generally grant supervisory agencies and bodies broad administrative powers, including the power to limit or restrict Morgan Stanley from carrying on its asset management activities in the event that it fails to comply with such laws and regulations. Sanctions that may be imposed for such failure include the suspension of individual employees, limitations on Morgan Stanley engaging in various asset management activities for specified periods of time or specified types of clients, the revocation of registrations, other censures and significant fines. In order to facilitate

its asset management business, Morgan Stanley owns a registered U.S. broker-dealer, Morgan Stanley Distribution, Inc., which acts as distributor to the Morgan Stanley mutual funds and as placement agent to certain private investment funds managed by Morgan Stanley's Investment Management business segment. A number of legal entities within Morgan Stanley's Investment Management business are registered as commodity trading advisors and/or commodity pool operators, or are operating under certain exemptions from such registration pursuant to CFTC rules and other guidance. See also "*Institutional Securities and Wealth Management - Broker-Dealer and Investment Adviser Regulation*" and "*Institutional Securities and Wealth Management - Regulation of Futures Activities and Certain Commodities Activities*" above.

As a result of the passage of the Dodd-Frank Act, Morgan Stanley's asset management activities will be subject to certain additional laws and regulations, including, but not limited to, additional reporting and record-keeping requirements (including with respect to clients that are private funds), restrictions on sponsoring or investing in, or maintaining certain other relationships with, "covered funds," as defined in the Volcker Rule, subject to certain limited exemptions, and certain rules and regulations regarding trading activities, including trading in derivatives markets. Many of these new requirements may increase the expenses associated with Morgan Stanley's asset management activities and/or reduce the investment returns Morgan Stanley is able to generate for its asset management clients. Several important elements of the Dodd-Frank Act will not be known until rulemaking is finalised and certain final regulations are adopted.

Morgan Stanley is continuing its review of its asset management activities that may be affected by the Volcker Rule and is taking steps to establish the necessary compliance programs to help ensure and monitor compliance with the Volcker Rule. Morgan Stanley had already taken certain steps to comply with the Volcker Rule prior to the issuance of the final regulations, including, for example, launching new funds that are designed to comply with the Volcker Rule. Given the complexity of the new framework, the full impact of the Volcker Rule is still uncertain, and will ultimately depend on the interpretation and implementation by the five regulatory agencies responsible for its oversight. See also "*Financial Holding Company - Activities Restrictions under the Volcker Rule*."

Morgan Stanley's Investment Management business is also regulated outside the U.S. For example, the FCA and the PRA regulate Morgan Stanley's business in the U.K.; the Financial Services Agency regulates Morgan Stanley's business in Japan; the Hong Kong Securities and Futures Commission regulates Morgan Stanley's business in Hong Kong; and the Monetary Authority of Singapore regulates Morgan Stanley's business in Singapore.

Anti-Money Laundering and Economic Sanctions

Morgan Stanley's Anti-Money Laundering ("AML") program is coordinated on an enterprise-wide basis. In the U.S., for example, the Bank Secrecy Act, as amended by the US Patriot Act of 2001, imposes significant obligations on financial institutions to detect and deter money laundering and terrorist financing activity, including requiring banks, bank holding company subsidiaries, broker-dealers, futures commission merchants, and mutual funds to implement AML programs, verify the identity of customers that maintain accounts, and monitor and report suspicious activity to appropriate law enforcement or regulatory authorities. Outside the U.S., applicable laws, rules and regulations similarly require designated types of financial institutions to implement AML programs. Morgan Stanley has implemented policies, procedures and internal controls that are designed to comply with all applicable AML laws and regulations. Morgan Stanley has also implemented policies, procedures, and internal controls that are designed to comply with the regulations and economic sanctions programs administered by the U.S. Treasury's Office of Foreign Assets Control ("OFAC"), which enforces economic and trade sanctions against targeted foreign countries, entities and individuals based on external threats to the U.S. foreign policy, national security, or economy; by other governments; or by global or regional multilateral organizations, such as the United Nations Security Council and the E.U. as applicable.

Anti-Corruption

Morgan Stanley is subject to applicable anti-corruption laws, such as the U.S. Foreign Corrupt Practices Act and the U.K. Bribery Act, in the jurisdictions in which it operates. Anti-corruption laws generally prohibit offering, promising, giving, or authorizing others to give anything of value, either directly or indirectly, to a government official or private party in order to influence official action or otherwise gain an unfair business advantage, such as to obtain or retain business. Morgan Stanley has implemented policies, procedures, and internal controls that are designed to comply with such laws, rules and regulations.

Protection of Client Information

Many aspects of Morgan Stanley's business are subject to legal requirements concerning the use and protection of certain customer information, including those adopted pursuant to the Gramm-Leach-Bliley Act and the Fair and Accurate Credit Transactions Act of 2003 in the U.S., the E.U. Data Protection Directive and various laws in Asia, including the Japanese Personal Information (Protection) Law, the Hong Kong Personal Data (Protection) Ordinance and the Australian Privacy Act. Morgan Stanley has adopted measures designed to comply with these and related applicable requirements in all relevant jurisdictions.

Research

Both U.S. and non-U.S. regulators continue to focus on research conflicts of interest. Research-related regulations have been implemented in many jurisdictions. New and revised requirements resulting from these regulations and the global research settlement with U.S. federal and state regulators (to which Morgan Stanley is a party) have necessitated the development or enhancement of corresponding policies and procedures.

Compensation Practices and Other Regulation

Morgan Stanley's compensation practices are subject to oversight by the Federal Reserve. In particular, Morgan Stanley is subject to the Federal Reserve's guidance that is designed to help ensure that incentive compensation paid by banking organisations does not encourage imprudent risk-taking that threatens the organisations' safety and soundness. The scope and content of the Federal Reserve's policies on executive compensation are continuing to develop and may change based on findings from its peer review process, and Morgan Stanley expects that these policies will evolve over a number of years.

Morgan Stanley is subject to the compensation-related provisions of the Dodd-Frank Act, which may impact its compensation practices. Pursuant to the Dodd-Frank Act, among other things, federal regulators, including the Federal Reserve, must prescribe regulations to require covered financial institutions, including Morgan Stanley, to report the structures of all of their incentive-based compensation arrangements and prohibit incentive-based payment arrangements that encourage inappropriate risks by providing employees, directors or principal shareholders with compensation that is excessive or that could lead to material financial loss to the covered financial institution. In April 2011, seven federal agencies, including the Federal Reserve, jointly proposed an interagency rule implementing this requirement. Further, pursuant to the Dodd-Frank Act, the SEC must direct listing exchanges to require companies to implement policies relating to disclosure of incentive-based compensation that is based on publicly reported financial information and the clawback of such compensation from current or former executive officers following certain accounting restatements.

In addition to the guidelines issued by the Federal Reserve and referenced above, Morgan Stanley's compensation practices may also be impacted by other regulations, including those promulgated in accordance with the FSB compensation principles and standards, CRD IV, Alternative Investment Fund Managers Directive regulations, the fifth Undertakings for Collective Investment in Transferable Securities Directive and proposed second Markets in Financial Instruments Directive. The FSB standards are to be implemented by local regulators, including in the U.K., where the remuneration of employees of certain banks is governed by the Remuneration Code. In the E.U., beginning on 1 January 2014, Morgan Stanley's compensation practices with respect to certain employees whose activities have a material impact on the risk profile of Morgan Stanley's E.U. operations will be subject to CRD IV, which includes a fixed cap on bonuses and other variable remuneration restrictions.

For a discussion of certain risks relating to Morgan Stanley's regulatory environment, see "*Risk Factors*" above.

2. OVERVIEW OF ACTIVITIES

Principal Activities

Morgan Stanley, a financial holding company, is a global financial services firm that maintains significant market positions in each of its business segments—Institutional Securities, Wealth Management and Investment Management. Morgan Stanley, through its subsidiaries and affiliates, provides a wide variety of products and services to a large and diversified group of clients and customers, including corporations, governments, financial institutions and individuals. A summary of each of Morgan Stanley's business segments is as follows:

Institutional Securities provides financial advisory and capital-raising services, including advice on mergers and acquisitions, restructurings, real estate and project finance; corporate lending; sales, trading, financing and market-

making activities in equity and fixed income securities and related products, including foreign exchange and commodities; and investment activities.

Wealth Management provides brokerage and investment advisory services to individual investors and small-to-medium sized businesses and institutions covering various investment alternatives; financial and wealth planning services; annuity and other insurance products; credit and other lending products; cash management services; retirement services; and trust and fiduciary services and engages in fixed income principal trading, which primarily facilitates clients' trading or investments in such securities.

Investment Management provides a broad array of investment strategies that span the risk/return spectrum across geographies, asset classes and public and private markets to a diverse group of clients across the institutional and intermediary channels as well as high net worth clients.

Global Oil Merchanting Business and TransMontaigne.

On 20 December 2013, Morgan Stanley and a subsidiary of Rosneft Oil Company ("Rosneft") entered into a Purchase Agreement pursuant to which will sell the global oil merchanting unit of its commodities division to Rosneft. The transaction is subject to regulatory approvals and other customary conditions and is expected to close in the second half of 2014. At 31 March 2014, this business is held for sale, but it does not meet the criteria for discontinued operations.

Also, on 20 December 2013, Morgan Stanley announced it is exploring strategic options for its stake in TransMontaigne Inc. and its subsidiaries. At 31 March 2014, no definitive decision has been reached regarding this business, and accordingly, it does not meet the held for sale criteria.

Discontinued Operations

CanTerm. On 27 March 2014, Morgan Stanley completed the sale of CanTerm Canadian Terminals Inc. ("CanTerm"), a public storage terminal operator for refined products with two distribution terminals in Canada. The results of CanTerm are reported as discontinued operations within the Institutional Securities business segment for all periods presented.

Quilter. On 2 April 2012, the Company completed the sale of Quilter & Co. Ltd. ("Quilter"), its retail wealth management business in the U.K. Net revenues for Quilter were \$148 million and \$134 million for 2012 and 2011, respectively. Net pre-tax gains (losses) were \$(1) million, \$97 million and \$21 million for 2013, 2012 and 2011, respectively, and included a gain of approximately \$108 million in 2012 in connection with the sale of Quilter. The results of Quilter are reported as discontinued operations within the Wealth Management business segment for all periods presented.

Saxon. On 24 October 2011, Morgan Stanley announced that it had reached an agreement to sell Saxon, a provider of servicing and subservicing of residential mortgage loans, to Ocwen Financial Corporation. The transaction, which was restructured as a sale of Saxon's assets during the first quarter of 2012, was substantially completed in the second quarter of 2012. Net revenues for Saxon were \$79 million and \$28 million for 2012 and 2011, respectively, and pre-tax losses were \$64 million, \$187 million and \$194 million for 2013, 2012 and 2011, respectively. Revenues included a pre-tax gain of approximately \$51 million in 2012, primarily resulting from the subsequent increase in fair value of Saxon, which had incurred impairment losses of \$98 million in the quarter ended 31 December 2011. Pre-tax loss in 2012 included a provision of approximately \$115 million related to a settlement with the Board of Governors of the Federal Reserve System concerning the independent foreclosure review related to Saxon. The results of Saxon are reported as discontinued operations within the Institutional Securities business segment for all periods presented.

Other. In the fourth quarter of 2011, Morgan Stanley classified a real estate property management company as held for sale within the Investment Management business segment. The transaction closed during the first quarter of 2012. The results of this company are reported as discontinued operations within the Investment Management business segment for all periods presented. Remaining pre-tax gain (loss) amounts of \$(7) million, \$42 million and \$3 million for 2013, 2012 and 2011, respectively, that are included in discontinued operations primarily related to the sale of the Company's retail asset management business, Revel Entertainment Group, LLC ("Revel") and a principal investment. Prior-period amounts have been recast for discontinued operations.

3. ORGANISATIONAL STRUCTURE

Principal Markets

Morgan Stanley is a global financial services firm that, through its subsidiaries and affiliates, provides its products and services to a large and diversified group of clients and customers, including corporations, governments, financial institutions and individuals. Morgan Stanley conducts its business from its headquarters in and around New York City, its regional offices and branches throughout the U.S. and its principal offices in London, Tokyo, Hong Kong and other world financial centers. At 31 December 2013, Morgan Stanley had 55,794 employees worldwide.

Morgan Stanley's significant regulated U.S. and international subsidiaries include Morgan Stanley & Co. LLC, Morgan Stanley Smith Barney LLC, Morgan Stanley & Co. International plc, Morgan Stanley MUFG Securities Co., Ltd., Morgan Stanley Bank, N.A. ("MSBNA") and Morgan Stanley Private Bank, National Association.

Structure of the Group

For information relating to the structure of the Morgan Stanley Group and for the Subsidiaries List see the section entitled "*Subsidiaries of Morgan Stanley*" set out in Annex I below. Investors can find updated information relating to the structure of the Morgan Stanley Group and the Subsidiaries List on <http://www.sec.gov/Archives/edgar/data/895421/000119312514067354/d639242dex21.htm>.

4. ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

Board of Directors

The directors of Morgan Stanley as of the date of this Registration Document, their offices, if any, within Morgan Stanley, and their principal outside activity, if any, are listed below. The business address of each director is 1585 Broadway, New York, NY 10036, U.S.A.

Name	Function within Morgan Stanley	Principal Outside Activity
James P. Gorman	Chairman of the Board and Chief Executive Officer	None.
Erskine B. Bowles	Director	Member of the board of directors of Belk Inc., Facebook, Inc. and Norfolk Southern Corporation. Senior advisor of BDT Capital Partners LLC and Carousel Capital, private investment firms.
Howard J. Davies	Director	Member of the board of Prudential plc, Non-executive Chairman of Phoenix Group Holdings and Professor at Sciences Po, the Paris School of International Affairs. Chairman of the International Advisory Board of the China Securities Regulatory Commission and a member of the International Advisory Board of the China Banking Regulatory Commission.
Thomas H. Glocer	Director	Member of the board of directors of Merck & Co., Inc.
Robert H. Herz	Director	President of Robert H. Herz LLC and member of the board of directors of the Federal National Mortgage Association (Fannie Mae). Senior advisor to, and as a member of, the Advisory Board of WebFilings LLC Serves on the Accounting Standards Oversight Council

Name	Function within Morgan Stanley	Principal Outside Activity
		of Canada and as a member of the Standing Advisory Group of the Public Company Accounting Oversight Board.
C. Robert Kidder	Director	Member of the board of directors of Merck & Co., Inc.
Klaus Kleinfeld	Director	Chairman and CEO of Alcoa Inc. and member of Supervisory Board of Bayer AG.
Donald T. Nicolaisen	Director	Member of the board of directors of MGIC Investment Corporation, Verizon Communications Inc. and Zurich Insurance Group.
Hutham S. Olayan	Director	Principal and director of The Olayan Group, a private multinational enterprise, and President and Chief Executive Officer of The Olayan Group's U.S. operations. Member of the International Advisory Board of the Blackstone Group.
James W. Owens	Director	Member of the board of directors of Alcoa Inc. and International Business Machines Corporation.
O. Griffith Sexton	Director	Director of Investor AB and Hamilton Land Advisors LLC and Adjunct Professor at Columbia Business School.
Ryosuke Tamakoshi	Director	Senior Advisor of The Bank of Tokyo-Mitsubishi UFJ, Ltd.
Masaaki Tanaka	Director	Representative Director and Deputy President of Mitsubishi UFJ Financial Group, Inc.
Laura D. Tyson	Director	Professor of Business Administration and Economics at the Walter A. Haas School of Business, University of California, Berkeley. Member of the board of directors of AT&T Inc., CBRE Group, Inc. and Silver Spring Networks, Inc.
Rayford Wilkins, Jr.	Director	Member of the board of directors of América Móvil, S.A.B. de C.V. and Valero Energy Corporation. Member of the Advisory Council of the McCombs School of Business at the University of Texas at Austin.

There are no potential conflicts of interests between any duties to Morgan Stanley of its directors and their private interests and/or other duties.

Morgan Stanley's subsidiaries may extend credit in the ordinary course of business to certain of its and their directors, officers and members of their immediate families. These extensions of credit may be in connection with margin loans, mortgage loans or other extensions of credit by Morgan Stanley's subsidiaries. These extensions of credit are made in the ordinary course of business, on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable loans

with persons not related to the lender and do not involve more than the normal risk of collectability or present other unfavourable features.

Dealings with Major Shareholders

Each of MUFG and State Street Corporation ("**State Street**") beneficially owns 5 per cent. or more of the outstanding shares of Morgan Stanley common stock as reported under the section "*Principal Shareholders*" herein. During 2013, Morgan Stanley engaged in transactions in the ordinary course of business with MUFG and State Street and certain of their respective affiliates, including investment banking, financial advisory, sales and trading, derivatives, investment management, lending, securitisation and other financial services transactions. Such transactions were on substantially the same terms as those prevailing at the time for comparable transactions with unrelated third parties.

As part of the global strategic alliance between MUFG and Morgan Stanley, Morgan Stanley and MUFG formed a joint venture in Japan of their respective investment banking and securities businesses by forming two joint venture companies. MUFG contributed the investment banking, wholesale and retail securities businesses conducted in Japan by Mitsubishi UFJ Securities Co., Ltd. into one of the joint venture entities named Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. ("**MUMSS**"). Morgan Stanley contributed the investment banking operations conducted in Japan by its subsidiary, Morgan Stanley MUFG Securities Co., Ltd. ("**MSMS**"), formerly known as Morgan Stanley Japan Securities Co., Ltd., into MUMSS (MSMS, together with MUMSS, the "**Joint Venture**"). MSMS has continued its sales and trading and capital markets business conducted in Japan. Morgan Stanley owns a 40 per cent. economic interest in the Joint Venture and MUFG owns a 60 per cent. economic interest in the Joint Venture. Morgan Stanley holds a 40 per cent. voting interest and MUFG holds a 60 per cent. voting interest in MUMSS while Morgan Stanley holds a 51 per cent. voting interest and MUFG holds a 49 per cent. voting interest in MSMS. Other initiatives that are part of Morgan Stanley's global strategic alliance with MUFG include a loan marketing joint venture in the Americas, business referral arrangements in Asia, Europe, the Middle East and Africa, referral agreements for commodities transactions and a secondment arrangement of personnel between MUFG and Morgan Stanley for the purpose of sharing best practices and expertise.

5. BOARD PRACTICES

Morgan Stanley considers itself to be in compliance with all U.S. laws relating to corporate governance that are applicable to it.

The Board meets regularly and directors receive information between meetings about the activities of committees and developments in Morgan Stanley's business. All directors have full and timely access to all relevant information and may take independent professional advice if necessary.

The Board's standing committees include the following:

Committee	Current Members	Primary Responsibilities
Audit	Robert Herz (Chair) Howard J. Davies Donald T. Nicolaisen O. Griffith Sexton	<ul style="list-style-type: none"> Oversees the integrity of Morgan Stanley's consolidated financial statements, compliance with legal and regulatory requirements and system of internal controls. Oversees risk management and risk assessment guidelines in coordination with the Board, Risk Committee and Operations and Technology Committee and reviews the major franchise, legal and compliance risk exposures of the Company. Selects, determines the compensation of, evaluates and, when appropriate, replaces the

Committee	Current Members	Primary Responsibilities
		<p>independent auditor, and pre-approves audit and permitted non-audit services.</p> <ul style="list-style-type: none"> Oversees the qualifications and independence of the independent auditor and performance of the Morgan Stanley's internal auditor and independent auditor. After review, recommends to the Board the acceptance and inclusion of the annual audited consolidated financial statements in Morgan Stanley's Annual Report on Form 10-K.
Compensation, Management Development and Succession	Donald T. Nicolaisen (Chair) Erskine B. Bowles C. Robert Kidder Hutham S. Olayan	<ul style="list-style-type: none"> Annually reviews and approves the corporate goals and objectives relevant to the compensation of the CEO and evaluates his performance in light of these goals and objectives. Determines the compensation of executive officers and other officers and employees as appropriate. Administers the Morgan Stanley's equity-based compensation plans and cash-based nonqualified deferred compensation plans. Oversees plans for management development and succession. Reviews and discusses the Compensation Discussion and Analysis with management and recommends to the Board its inclusion in the proxy statement. Reviews Morgan Stanley's incentive compensation arrangements to help ensure that such arrangements are consistent with the safety and soundness of Morgan Stanley and do not encourage excessive risk-taking, and are otherwise consistent with applicable related regulatory rules and guidance.
Nominating and Governance	James W. Owens (Chair) C. Robert Kidder Klaus Kleinfeld Rayford Wilkins, Jr.	<ul style="list-style-type: none"> Identifies and recommends candidates for election to the Board. Recommends committee structure

Committee	Current Members	Primary Responsibilities
		and membership.
		<ul style="list-style-type: none"> • Reviews annually Morgan Stanley's Corporate Governance Policies. • Oversees the annual evaluation of the Lead Director, Board and its committees. • Reviews and approves related person transactions in accordance with Morgan Stanley's Related Person Transactions Policy. • Reviews Morgan Stanley's policies regarding corporate political contributions, as well as Morgan Stanley's philanthropic programs and social responsibility and environmental matters.
Operations and Technology	Thomas H. Glocer (Chair) Howard J. Davies Ryosuke Tamakoshi Rayford Wilkins, Jr.	<ul style="list-style-type: none"> • Oversees Morgan Stanley's operations and technology strategy and significant investments in support of such strategy. • Oversees risk management and risk assessment guidelines and policies regarding operations and technology risk.
Risk	Howard J. Davies (Chair) James W. Owens Masaaki Tanaka Laura D. Tyson	<ul style="list-style-type: none"> • Oversees Morgan Stanley's risk governance structure. • Oversees risk management and risk assessment guidelines and policies regarding market, credit, operational, reputational, liquidity and funding risk. • Oversees risk tolerance, including risk tolerance levels and capital targets and limits. • Oversees Morgan Stanley's capital, liquidity and funding. • Oversees the performance of the Chief Risk Officer.

6. PRINCIPAL SHAREHOLDERS

The following table contains information regarding the only persons Morgan Stanley knows of that beneficially own more than 5 per cent. of its common stock.

Name and Address	Shares of Common Stock Beneficially Owned	
	Number	Per cent. ⁽¹⁾
MUFG ⁽²⁾	435,269,905	22.1
7-1, Marunouchi 2-chome Chiyoda-ku, Tokyo 100-8330, Japan State Street ⁽³⁾ One Lincoln Street, Boston, MA 02111	138,507,978	7.0

⁽¹⁾ Percentages based upon the number of shares of common stock outstanding as of the record date, 17 March 2014, and the beneficial ownership of the principal shareholders as reported in SEC filings in notes 2 and 3 below.

⁽²⁾ Based on the amended Schedule 13D dated 3 October 2013 filed by MUFG. The amended Schedule 13D discloses that MUFG had sole dispositive and sole voting power with respect to the beneficially owned shares reported, including 3,252,753 shares held solely in a fiduciary capacity by certain affiliates of MUFG as the trustee of trust accounts or the manager of investment funds, other investment vehicles and managed accounts as of 27 September 2013 for which MUFG disclaims beneficial ownership.

⁽³⁾ Based on the Schedule 13G filed on 3 February 2014 (as of 31 December 2013) by State Street and State Street Bank and Trust Company, each acting in various fiduciary and other capacities. The Schedule 13G discloses that State Street had shared dispositive power as to 138,507,978 shares and shared voting power as to 137,857,807 shares; and that 77,618,422 shares beneficially owned by State Street Bank and Trust Company, a subsidiary of State Street, are held as trustee on behalf of the Trust that holds shares of common stock underlying certain restricted stock units awarded to employees under various of Morgan Stanley's equity-based plans.

7. LEGAL PROCEEDINGS AND CONTINGENCIES

(a) Legal Proceedings

The following is an extract from item 3 of Part 1 entitled "Legal Proceedings" of the 2013 Morgan Stanley Annual Report:

In addition to the matters described below, in the normal course of business, Morgan Stanley has been named, from time to time, as a defendant in various legal actions, including arbitrations, class actions and other litigation, arising in connection with its activities as a global diversified financial services institution. Certain of the actual or threatened legal actions include claims for substantial compensatory and/or punitive damages or claims for indeterminate amounts of damages. In some cases, the entities that would otherwise be the primary defendants in such cases are bankrupt or in financial distress.

Morgan Stanley is also involved, from time to time, in other reviews, investigations and proceedings (both formal and informal) by governmental and self-regulatory agencies regarding Morgan Stanley's business, and involving, among other matters, sales and trading activities, financial products or offerings sponsored, underwritten or sold by Morgan Stanley, and accounting and operational matters, certain of which may result in adverse judgments, settlements, fines, penalties, injunctions or other relief.

Morgan Stanley contests liability and/or the amount of damages as appropriate in each pending matter. Where available information indicates that it is probable a liability had been incurred at the date of the consolidated financial statements and Morgan Stanley can reasonably estimate the amount of that loss, Morgan Stanley accrues the estimated loss by a charge to income. Morgan Stanley expects future litigation accruals in general to continue to be elevated and the changes in accruals from period to period may fluctuate significantly, given the current environment regarding government investigations and private litigation affecting global financial services firms, including Morgan Stanley.

Morgan Stanley incurred litigation expenses of approximately \$1,952 million in 2013, \$513 million in 2012 and \$151 million in 2011. The litigation expenses incurred in 2013 were primarily due to settlements and reserve additions related to various matters, including the Company's 7 February 2014 agreement to settle the *Federal Housing Finance Agency, as Conservator v. Morgan Stanley et al.* litigation for \$1,250 million, the Morgan Stanley's 30 January 2014 agreement in principle with the Staff of the Enforcement Division of the U.S. Securities and Exchange Commission (the "SEC") to resolve an investigation related to certain subprime RMBS transactions for \$275 million, the Morgan Stanley's 11 February 2014 agreement to settle the *Cambridge Place Investment Management Inc. v. Morgan Stanley & Co., Inc., et al.* litigation, and Morgan Stanley's 23 January 2014 agreement in principle to settle the

Metropolitan Life Insurance Company, et al. v. Morgan Stanley, et al. litigation, which were reflected within the Institutional Securities business segment.

In many proceedings and investigations, however, it is inherently difficult to determine whether any loss is probable or even possible or to estimate the amount of any loss. Morgan Stanley cannot predict with certainty if, how or when such proceedings or investigations will be resolved or what the eventual settlement, fine, penalty or other relief, if any, may be, particularly for proceedings and investigations where the factual record is being developed or contested or where plaintiffs or government entities seek substantial or indeterminate damages, restitution, disgorgement or penalties. Numerous issues may need to be resolved, including through potentially lengthy discovery and determination of important factual matters, determination of issues related to class certification and the calculation of damages or other relief, and by addressing novel or unsettled legal questions relevant to the proceedings or investigations in question, before a loss or additional loss or range of loss or additional loss can be reasonably estimated for a proceeding or investigation. Subject to the foregoing, Morgan Stanley believes, based on current knowledge and after consultation with counsel, that the outcome of such proceedings and investigations will not have a material adverse effect on the consolidated financial condition of Morgan Stanley, although the outcome of such proceedings or investigations could be material to Morgan Stanley's operating results and cash flows for a particular period depending on, among other things, the level of Morgan Stanley's revenues or income for such period.

Over the last several years, the level of litigation and investigatory activity (both formal and informal) by government and self-regulatory agencies has increased materially in the financial services industry. As a result, Morgan Stanley expects that it may become the subject of increased claims for damages and other relief and, while Morgan Stanley has identified below certain proceedings that Morgan Stanley believes to be material, individually or collectively, there can be no assurance that additional material losses will not be incurred from claims that have not yet been asserted or are not yet determined to be material.

Residential Mortgage and Credit Crisis Related Matters

Regulatory and Governmental Matters. Morgan Stanley is responding to subpoenas and requests for information from certain federal and state regulatory and governmental entities, including among others various members of the RMBS Working Group of the Financial Fraud Enforcement Task Force, concerning the origination, financing, purchase, securitisation and servicing of subprime and non-subprime residential mortgages and related matters such as residential mortgage backed securities ("**RMBS**"), collateralised debt obligations ("**CDOs**"), structured investment vehicles ("**SIVs**") and credit default swaps backed by or referencing mortgage pass-through certificates. These matters include, but are not limited to, investigations related to Morgan Stanley's due diligence on the loans that it purchased for securitisation, Morgan Stanley's communications with ratings agencies, Morgan Stanley's disclosures to investors, and Morgan Stanley's handling of servicing and foreclosure related issues.

On 30 January 2014, Morgan Stanley reached an agreement in principle with the Staff of the Enforcement Division of the U.S. Securities and Exchange Commission (the "**SEC**") to resolve an investigation related to certain subprime RMBS transactions sponsored and underwritten by Morgan Stanley in 2007. Pursuant to the agreement in principle, Morgan Stanley would be charged with violating Sections 17(a)(2) and 17(a)(3) of the Securities Act, and Morgan Stanley would pay disgorgement and penalties in an amount of \$275 million and would neither admit nor deny the SEC's findings. The SEC has not yet presented the proposed settlement to the Commission and no assurance can be given that it will be accepted.

Class Actions. Beginning in December 2007, several purported class action complaints were filed in the United States District Court for the Southern District of New York (the "**SDNY**") asserting claims on behalf of participants in Morgan Stanley's 401(k) plan and employee stock ownership plan against Morgan Stanley and other parties, including certain present and former directors and officers, under the Employee Retirement Income Security Act of 1974 ("**ERISA**"). In February 2008, these actions were consolidated in a single proceeding, styled *In re Morgan Stanley ERISA Litigation*. The consolidated complaint relates in large part to Morgan Stanley's subprime and other mortgage related losses, but also includes allegations regarding Morgan

Stanley's disclosures, internal controls, accounting and other matters. On 16 March 2011, a purported class action, styled *Coulter v. Morgan Stanley & Co. Incorporated et al.*, was filed in the SDNY asserting claims on behalf of participants in Morgan Stanley's 401(k) plan and employee stock ownership plan against Morgan Stanley and certain current and former officers and directors for breach of fiduciary duties under ERISA. The complaint alleges, among other things, that defendants knew or should have known that from 2 January 2008 to 31 December 2008, the plans' investment in Company stock was imprudent given the extraordinary risks faced by Morgan Stanley and its common stock during that period. On 28 March 2013, the court granted defendants' motions to dismiss both actions. Plaintiffs filed notices of appeal on 27 June 2013 in the United States Court of Appeals for the Second Circuit (the "**Second Circuit**") in both matters, which have been consolidated on appeal.

On 12 February 2008, a purported class action, styled *Joel Stratte-McClure, et al. v. Morgan Stanley, et al.*, was filed in the SDNY against Morgan Stanley and certain present and former executives asserting claims on behalf of a purported class of persons and entities who purchased shares of Morgan Stanley's common stock during the period 20 June 2007 to 19 December 2007 and who suffered damages as a result of such purchases. The allegations in the amended complaint related in large part to Morgan Stanley's subprime and other mortgage related losses, and also included allegations regarding Morgan Stanley's disclosures, internal controls, accounting and other matters. On 8 August 2011, defendants filed a motion to dismiss the second amended complaint, which was granted on 18 January 2013. On 29 May 2013, the plaintiffs filed an appeal in the Second Circuit, which appeal is pending.

On 7 May 2009, Morgan Stanley was named as a defendant in a purported class action lawsuit brought under Sections 11, 12 and 15 of the Securities Act of 1933, as amended (the "**Securities Act**"), which is now styled *In re Morgan Stanley Mortgage Pass-Through Certificates Litigation* and is pending in the SDNY. The third amended complaint, filed on 30 September 2011, alleges, among other things, that the registration statements and offering documents related to the offerings of certain mortgage pass-through certificates in 2006 contained false and misleading information concerning the pools of residential loans that backed these securitisations. The plaintiffs seek, among other relief, class certification, unspecified compensatory and rescissionary damages, costs, interest and fees. On 31 January 2013, plaintiffs filed a fourth amended complaint, in which they purport to represent investors who purchased approximately \$7.82 billion in mortgage pass-through certificates issued in 2006 by 13 trusts. On 30 August 2013, plaintiffs filed a motion for class certification.

On 14 May 2009, Morgan Stanley was named as one of several underwriter defendants in a purported class action lawsuit brought under Sections 11, 12 and 15 of the Securities Act which is now styled *In re IndyMac Mortgage-Backed Securities Litigation* and is pending in the SDNY. The claims against Morgan Stanley relate to offerings of mortgage pass-through certificates issued by several trusts sponsored by affiliates of IndyMac Bancorp during 2006 and 2007. The plaintiff alleges, among other things, that the registration statements and offering documents related to the offerings of certain mortgage pass-through certificates contained false and misleading information concerning the pools of residential loans that backed these securitisations. The plaintiffs seek, among other relief, class certification, unspecified compensatory and rescissionary damages, costs, interest and fees. The amount of the certificates underwritten by Morgan Stanley at issue in the litigation was approximately \$1.68 billion. On 17 August 2012, the court granted class certification with respect to one offering underwritten by Morgan Stanley. On 30 August 2013, plaintiffs filed a motion to expand the certified class to include additional offerings IndyMac Bank, which was the sponsor of these securitisations, filed for bankruptcy on 31 July 2008, and Morgan Stanley's ability to be indemnified by IndyMac Bank is limited.

On 25 October 2010, Morgan Stanley, certain affiliates and Pinnacle Performance Limited, a special purpose vehicle ("**SPV**"), were named as defendants in a purported class action related to securities issued by the SPV in Singapore, commonly referred to as Pinnacle Notes. The case is styled *Ge Dandong, et al. v. Pinnacle Performance Ltd., et al.* and is pending in the SDNY. An amended complaint was filed on 22 October 2012. The court denied defendants' motion to dismiss the amended complaint on 22 August 2013 and granted class certification on 17 October 2013. On 30 October 2013, defendants filed a petition for permission to appeal the court's decision granting class certification. On 31 January 2014, plaintiffs filed a second amended

complaint. The second amended complaint alleges that the defendants engaged in a fraudulent scheme to defraud investors by structuring the Pinnacle Notes to fail and benefited subsequently from the securities' failure. In addition, the second amended complaint alleges that the securities' offering materials contained material misstatements or omissions regarding the securities' underlying assets and the alleged conflicts of interest between the defendants and the investors. The second amended complaint asserts common law claims of fraud, aiding and abetting fraud, fraudulent inducement, aiding and abetting fraudulent inducement, and breach of the implied covenant of good faith and fair dealing. Plaintiffs seek damages of approximately \$138.7 million, rescission, punitive damages, and interest.

Other Litigation. On 23 December 2009, the Federal Home Loan Bank of Seattle filed a complaint against Morgan Stanley and another defendant in the Superior Court of the State of Washington, styled *Federal Home Loan Bank of Seattle v. Morgan Stanley & Co. Inc., et al.* The amended complaint, filed on 28 September 2010, alleges that defendants made untrue statements and material omissions in the sale to plaintiff of certain mortgage pass-through certificates backed by securitisation trusts containing residential mortgage loans. The total amount of certificates allegedly sold to plaintiff by Morgan Stanley was approximately \$233 million. The complaint raises claims under the Washington State Securities Act and seeks, among other things, to rescind the plaintiff's purchase of such certificates. On 18 October 2010, defendants filed a motion to dismiss the action. By orders dated 23 June 2011 and 18 July 2011, the court denied defendants' omnibus motion to dismiss plaintiff's amended complaint and on 15 August 2011, the court denied Morgan Stanley's individual motion to dismiss the amended complaint.

On 15 March 2010, the Federal Home Loan Bank of San Francisco filed two complaints against Morgan Stanley and other defendants in the Superior Court of the State of California. These actions are styled *Federal Home Loan Bank of San Francisco v. Credit Suisse Securities (USA) LLC, et al.*, and *Federal Home Loan Bank of San Francisco v. Deutsche Bank Securities Inc. et al.*, respectively. Amended complaints were filed on 10 June 2010. The amended complaints allege that defendants made untrue statements and material omissions in connection with the sale to plaintiff of a number of mortgage pass-through certificates backed by securitisation trusts containing residential mortgage loans. The amount of certificates allegedly sold to plaintiff by Morgan Stanley in these cases was approximately \$704 million and \$276 million, respectively. The complaints raise claims under both the federal securities laws and California law and seek, among other things, to rescind the plaintiff's purchase of such certificates. On 11 August 2011, plaintiff's Securities Act claims were dismissed with prejudice. The defendants filed answers to the amended complaints on 7 October 2011. On 9 February 2012, defendants' demurrers with respect to all other claims were overruled. On 20 December 2013, plaintiff's negligent misrepresentation claims were dismissed with prejudice. A bellwether trial is currently scheduled to begin in September 2014. Morgan Stanley is not a defendant in connection with the securitisations at issue in that trial.

On 15 July 2010, The Charles Schwab Corp. filed a complaint against Morgan Stanley and other defendants in the Superior Court of the State of California, styled *The Charles Schwab Corp. v. BNP Paribas Securities Corp., et al.* The complaint alleges that defendants made untrue statements and material omissions in the sale to one of plaintiff's subsidiaries of a number of mortgage pass-through certificates backed by securitisation trusts containing residential mortgage loans. The total amount of certificates allegedly sold to plaintiff's subsidiary by Morgan Stanley was approximately \$180 million. The complaint raises claims under both the federal securities laws and California law and seeks, among other things, to rescind the plaintiff's purchase of such certificates. Plaintiff filed an amended complaint on 2 August 2010. On 22 September 2011, defendants filed demurrers to the amended complaint. On 13 October 2011, plaintiff voluntarily dismissed its claims brought under the Securities Act. On 27 January 2012, the court, in a ruling from the bench, substantially overruled defendants' demurrers. On 5 March 2012, the plaintiff filed a second amended complaint. On 10 April 2012, Morgan Stanley filed a demurrer to certain causes of action in the second amended complaint, which the court overruled on 24 July 2012. Morgan Stanley filed its answer to the second amended complaint on 3 August 2012. An initial trial of certain of plaintiff's claims is scheduled to begin in July 2015.

On 15 July 2010, China Development Industrial Bank ("CDIB") filed a complaint against Morgan Stanley, which is styled *China Development Industrial Bank v. Morgan Stanley & Co. Incorporated* and is pending in the Supreme Court of NY. The Complaint relates to a \$275

million credit default swap referencing the super senior portion of the STACK 2006-1 CDO. The complaint asserts claims for common law fraud, fraudulent inducement and fraudulent concealment and alleges that Morgan Stanley misrepresented the risks of the STACK 2006-1 CDO to CDIB, and that Morgan Stanley knew that the assets backing the CDO were of poor quality when it entered into the credit default swap with CDIB. The complaint seeks compensatory damages related to the approximately \$228 million that CDIB alleges it has already lost under the credit default swap, rescission of CDIB's obligation to pay an additional \$12 million, punitive damages, equitable relief, fees and costs. On 10 March 2011, Morgan Stanley filed its answer to the complaint.

On 15 October 2010, the Federal Home Loan Bank of Chicago filed a complaint against Morgan Stanley and other defendants in the Circuit Court of the State of Illinois, styled *Federal Home Loan Bank of Chicago v. Bank of America Funding Corporation et al.* The complaint alleges that defendants made untrue statements and material omissions in the sale to plaintiff of a number of mortgage pass-through certificates backed by securitisation trusts containing residential mortgage loans and asserts claims under Illinois law. The total amount of certificates allegedly sold to plaintiff by Morgan Stanley at issue in the action was approximately \$203 million. The complaint seeks, among other things, to rescind the plaintiff's purchase of such certificates. On 24 March 2011, the court presiding over *Federal Home Loan Bank of Chicago v. Bank of America Funding Corporation et al.* granted plaintiff leave to file an amended complaint. Morgan Stanley filed its answer on 21 December 2012. On 13 December 2013, the court entered an order dismissing all claims related to one of the securitisations at issue.

On 20 April 2011, the Federal Home Loan Bank of Boston filed a complaint against Morgan Stanley and other defendants in the Superior Court of the Commonwealth of Massachusetts styled *Federal Home Loan Bank of Boston v. Ally Financial, Inc. F/K/A GMAC LLC et al.* An amended complaint was filed on 19 June 2012 and alleges that defendants made untrue statements and material omissions in the sale to plaintiff of certain mortgage pass-through certificates backed by securitisation trusts containing residential mortgage loans. The total amount of certificates allegedly issued by Morgan Stanley or sold to plaintiff by Morgan Stanley was approximately \$385 million. The amended complaint raises claims under the Massachusetts Uniform Securities Act, the Massachusetts Consumer Protection Act and common law and seeks, among other things, to rescind the plaintiff's purchase of such certificates. On 26 May 2011, defendants removed the case to the United States District Court for the District of Massachusetts. On 11 October 2012, defendants filed motions to dismiss the amended complaint, which was granted in part and denied in part on 30 September 2013. The defendants filed an answer to the amended complaint on 16 December 2013.

On 5 July 2011, Allstate Insurance Company and certain of its affiliated entities filed a complaint against Morgan Stanley in the Supreme Court of NY, styled *Allstate Insurance Company, et al. v. Morgan Stanley, et al.* An amended complaint was filed on 9 September 2011 and alleges that defendants made untrue statements and material omissions in the sale to plaintiff of certain mortgage pass-through certificates backed by securitisation trusts containing residential mortgage loans. The total amount of certificates allegedly issued and/or sold to plaintiffs by Morgan Stanley was approximately \$104 million. The complaint raises common law claims of fraud, fraudulent inducement, aiding and abetting fraud and negligent misrepresentation and seeks, among other things, compensatory and/or rescissory damages associated with plaintiffs' purchases of such certificates. On 15 March 2013, the court denied in substantial part the defendants' motion to dismiss the amended complaint, which order Morgan Stanley appealed on 11 April 2013. On 3 May 2013, Morgan Stanley filed its answer to the amended complaint.

On 18 July 2011, the Western and Southern Life Insurance Company and certain affiliated companies filed a complaint against Morgan Stanley and other defendants in the Court of Common Pleas in Ohio, styled *Western and Southern Life Insurance Company, et al. v. Morgan Stanley Mortgage Capital Inc., et al.* An amended complaint was filed on 2 April 2012 and alleges that defendants made untrue statements and material omissions in the sale to plaintiffs of certain mortgage pass-through certificates backed by securitisation trusts containing residential mortgage loans. The amount of the certificates allegedly sold to plaintiffs by Morgan Stanley was approximately \$153 million. The amended complaint raises claims under the Ohio Securities Act, federal securities laws, and common law and seeks, among other things, to

rescind the plaintiffs' purchases of such certificates. Morgan Stanley filed its answer on 17 August 2012. Trial is currently scheduled to begin in May 2015.

On 4 November 2011, the Federal Deposit Insurance Corporation ("**FDIC**"), as receiver for Franklin Bank S.S.B, filed two complaints against Morgan Stanley in the District Court of the State of Texas. Each was styled *Federal Deposit Insurance Corporation, as Receiver for Franklin Bank S.S.B v. Morgan Stanley & Company LLC F/K/A Morgan Stanley & Co. Inc.* and alleged that Morgan Stanley made untrue statements and material omissions in connection with the sale to plaintiff of mortgage pass-through certificates backed by securitisation trusts containing residential mortgage loans. The amount of certificates allegedly underwritten and sold to plaintiff by Morgan Stanley in these cases was approximately \$67 million and \$35 million, respectively. The complaints each raised claims under both federal securities law and the Texas Securities Act and each seeks, among other things, compensatory damages associated with plaintiff's purchase of such certificates. On 20 March 2012, Morgan Stanley filed answers to the complaints in both cases. On 7 June 2012, the two cases were consolidated. On 10 January 2013, Morgan Stanley filed a motion for summary judgment and special exceptions with respect to plaintiff's claims. On 6 February 2013, the FDIC filed an amended consolidated complaint. On 25 February 2013, Morgan Stanley filed a motion for summary judgment and special exceptions, which motion was denied in substantial part on 26 April 2013. On 3 May 2013, the FDIC filed a second amended consolidated complaint. Trial is currently scheduled to begin in November 2014.

On 20 January 2012, Sealink Funding Limited filed a complaint against Morgan Stanley in the Supreme Court of NY, styled *Sealink Funding Limited v. Morgan Stanley, et al.* Plaintiff purports to be the assignee of claims of certain SPVs formerly sponsored by SachsenLB Europe. An amended complaint was filed on 21 May 2012 and alleges that defendants made untrue statements and material omissions in the sale to the SPVs of certain mortgage pass-through certificates backed by securitisation trusts containing residential mortgage loans. The total amount of certificates allegedly issued by Morgan Stanley and/or sold by Morgan Stanley was approximately \$507 million. The amended complaint raises common law claims of fraud, fraudulent inducement, and aiding and abetting fraud and seeks, among other things, compensatory and/or rescissory damages as well as punitive damages associated with plaintiffs' purchases of such certificates. On 20 March 2013, plaintiff filed a second amended complaint. On 3 May 2013, Morgan Stanley filed a motion to dismiss the second amended complaint.

On 25 January 2012, Dexia SA/NV and certain of its affiliated entities filed a complaint against Morgan Stanley in the Supreme Court of NY, styled *Dexia SA/NV et al. v. Morgan Stanley, et al.* An amended complaint was filed on 24 May 2012 and alleges that defendants made untrue statements and material omissions in the sale to plaintiffs of certain mortgage pass-through certificates backed by securitisation trusts containing residential mortgage loans. The total amount of certificates allegedly issued by Morgan Stanley and/or sold to plaintiffs by Morgan Stanley was approximately \$626 million. The amended complaint raises common law claims of fraud, fraudulent inducement, and aiding and abetting fraud and seeks, among other things, compensatory and/or rescissory damages as well as punitive damages associated with plaintiffs' purchases of such certificates. On 16 October 2013, the court granted the defendants' motion to dismiss the amended complaint. On 18 November 2013, plaintiffs filed a notice of appeal of the dismissal and a motion to renew their opposition to defendants' motion to dismiss.

On 25 April 2012, The Prudential Insurance Company of America and certain affiliates filed a complaint against Morgan Stanley and certain affiliates in the Superior Court of the State of New Jersey, styled *The Prudential Insurance Company of America, et al. v. Morgan Stanley, et al.* The complaint alleges that defendants made untrue statements and material omissions in connection with the sale to plaintiffs of certain mortgage pass-through certificates backed by securitisation trusts containing residential mortgage loans. The total amount of certificates allegedly sponsored, underwritten and/or sold by Morgan Stanley is approximately \$1 billion. The complaint raises claims under the New Jersey Uniform Securities Law, as well as common law claims of negligent misrepresentation, fraud and tortious interference with contract and seeks, among other things, compensatory damages, punitive damages, rescission and rescissory damages associated with plaintiffs' purchases of such certificates. On 16 October 2012, plaintiffs filed an amended complaint which, among other things, increases the total

amount of the certificates at issue by approximately \$80 million, adds causes of action for fraudulent inducement, equitable fraud, aiding and abetting fraud, and violations of the New Jersey RICO statute, and includes a claim for treble damages. On 15 March 2013, the court denied the defendants' motion to dismiss the amended complaint. On 26 April 2013, the defendants filed an answer to the amended complaint.

On 7 August 2012, U.S. Bank, in its capacity as Trustee, filed a complaint on behalf of Morgan Stanley Mortgage Loan Trust 2006-4SL and Mortgage Pass-Through Certificates, Series 2006-4SL (together, the "**Trust**") against Morgan Stanley. The matter is styled *Morgan Stanley Mortgage Loan Trust 2006-4SL, et al. v. Morgan Stanley Mortgage Capital Inc.* and is pending in the Supreme Court of NY. The complaint asserts claims for breach of contract and alleges, among other things, that the loans in the Trust, which had an original principal balance of approximately \$303 million, breached various representations and warranties. The complaint seeks, among other relief, rescission of the mortgage loan purchase agreement underlying the transaction, specific performance and unspecified damages and interest. On 8 October 2012, Morgan Stanley filed a motion to dismiss the complaint.

On 8 August 2012, U.S. Bank, in its capacity as Trustee, filed a complaint on behalf of Morgan Stanley Mortgage Loan Trust 2006-14SL, Mortgage Pass-Through Certificates, Series 2006-14SL, Morgan Stanley Mortgage Loan Trust 2007-4SL and Mortgage Pass-Through Certificates, Series 2007-4SL against Morgan Stanley. The complaint is styled *Morgan Stanley Mortgage Loan Trust 2006-14SL, et al. v. Morgan Stanley Mortgage Capital Holdings LLC, as successor in interest to Morgan Stanley Mortgage Capital Inc.* and is pending in the Supreme Court of NY. The complaint asserts claims for breach of contract and alleges, among other things, that the loans in the trusts, which had original principal balances of approximately \$354 million and \$305 million respectively, breached various representations and warranties. The complaint seeks, among other relief, rescission of the mortgage loan purchase agreements underlying the transactions, specific performance and unspecified damages and interest. On 9 October 2012, Morgan Stanley filed a motion to dismiss the complaint. On 16 August 2013, the court granted in part and denied in part Morgan Stanley's motion to dismiss the complaint. On 17 September 2013, Morgan Stanley filed its answer to the complaint. On 26 September 2013, and 7 October 2013, Morgan Stanley and the plaintiffs, respectively, filed notices of appeal with respect to the court's 16 August 2013 decision.

On 10 August 2012, the FDIC, as receiver for Colonial Bank, filed a complaint against Morgan Stanley in the Circuit Court of Montgomery, Alabama styled *Federal Deposit Insurance Corporation as Receiver for Colonial Bank v. Citigroup Mortgage Loan Trust Inc. et al.* The complaint alleges that Morgan Stanley made untrue statements and material omissions in connection with the sale to Colonial Bank of a mortgage pass-through certificate backed by a securitization trust containing residential loans. The complaint raises claims under federal securities law and the Alabama Securities Act and seeks, among other things, compensatory damages. The total amount of the certificate allegedly sponsored, underwritten and/or sold by Morgan Stanley to Colonial Bank was approximately \$65 million. On 13 September 2013, the plaintiff filed an amended complaint. Defendants filed a motion to dismiss the amended complaint on 12 November 2013.

On 28 September 2012, U.S. Bank, in its capacity as Trustee, filed a complaint on behalf of Morgan Stanley Mortgage Loan Trust 2006-13ARX against Morgan Stanley styled *Morgan Stanley Mortgage Loan Trust 2006- 13ARX v. Morgan Stanley Mortgage Capital Holdings LLC, as successor in interest to Morgan Stanley Mortgage Capital Inc.*, pending in the Supreme Court of NY. U.S. Bank filed an amended complaint on 17 January 2013, which asserts claims for breach of contract and alleges, among other things, that the loans in the trust, which had an original principal balance of approximately \$609 million, breached various representations and warranties. The amended complaint seeks, among other relief, declaratory judgment relief, specific performance and unspecified damages and interest. On 18 March 2013, Morgan Stanley filed a motion to dismiss the complaint.

On 22 October 2012, Asset Management Fund d/b/a AMF Funds and certain of its affiliated funds filed a complaint against Morgan Stanley in the Supreme Court of NY, styled *Asset Management Fund d/b/a AMF Funds et al v. Morgan Stanley et al.* The complaint alleges that defendants made material misrepresentations and omissions in the sale to plaintiffs of certain

mortgage pass-through certificates backed by securitization trusts containing residential mortgage loans. The total amount of certificates allegedly sponsored, underwritten and/or sold by Morgan Stanley to plaintiffs was approximately \$122 million. The complaint asserts causes of action against Morgan Stanley for, among other things, common law fraud, fraudulent concealment, aiding and abetting fraud, and negligent misrepresentation, and seeks, among other things, monetary and punitive damages. On 3 December 2012, Morgan Stanley filed a motion to dismiss the complaint. On 18 July 2013, the court dismissed claims with respect to seven certificates purchased by the plaintiff. The remaining claims relate to certificates with an original balance of \$10.6 million. On 12 September 2013, plaintiffs filed a notice of appeal concerning the court's decision granting in part and denying in part the defendants' motion to dismiss. Defendants filed a notice of cross-appeal on 26 September 2013.

On 14 December 2012, Royal Park Investments SA/NV filed a complaint against Morgan Stanley, certain affiliates, and other defendants in the Supreme Court of NY, styled *Royal Park Investments SA/NV v. Merrill Lynch et al.* The complaint alleges that defendants made material misrepresentations and omissions in the sale to plaintiff of certain mortgage pass-through certificates backed by securitization trusts containing residential mortgage loans totaling approximately \$628 million. On 15 March 2013, defendants filed a motion to dismiss the complaint. On 17 June 2013, the court signed a joint proposed order and stipulation allowing plaintiffs to replead their complaint and defendants to withdraw their motion to dismiss without prejudice. On 24 October 2013, plaintiff filed a new complaint against Morgan Stanley in the Supreme Court of NY, styled *Royal Park Investments SA/NV v. Morgan Stanley et al.* The new complaint alleges that defendants made material misrepresentations and omissions in the sale to plaintiff of certain mortgage pass-through certificates backed by securitization trusts containing residential mortgage loans. The total amount of certificates allegedly sponsored, underwritten and/or sold by Morgan Stanley to plaintiff was approximately \$597 million. The complaint raises common law claims of fraud, fraudulent inducement, negligent misrepresentation, and aiding and abetting fraud and seeks, among other things, compensatory and punitive damages. On 3 February 2014, Morgan Stanley filed a motion to dismiss the complaint.

On 10 January 2013, U.S. Bank, in its capacity as Trustee, filed a complaint on behalf of Morgan Stanley Mortgage Loan Trust 2006-10SL and Mortgage Pass-Through Certificates, Series 2006-10SL against Morgan Stanley. The complaint is styled *Morgan Stanley Mortgage Loan Trust 2006-10SL, et al. v. Morgan Stanley Mortgage Capital Holdings LLC, as successor in interest to Morgan Stanley Mortgage Capital Inc.* and is pending in the Supreme Court of NY. The complaint asserts claims for breach of contract and alleges, among other things, that the loans in the trust, which had an original principal balance of approximately \$300 million, breached various representations and warranties. The complaint seeks, among other relief, an order requiring Morgan Stanley to comply with the loan breach remedy procedures in the transaction documents, unspecified damages, and interest. On 11 March 2013, Morgan Stanley filed a motion to dismiss the complaint.

On 21 January 2013, HSH Nordbank AG and certain affiliates filed a complaint against Morgan Stanley, certain affiliates, and other defendants in the Supreme Court of NY, styled *HSH Nordbank AG et al. v. Morgan Stanley et al.* The complaint alleges that defendants made material misrepresentations and omissions in the sale to plaintiffs of certain mortgage pass-through certificates backed by securitization trusts containing residential mortgage loans. The total amount of certificates allegedly sponsored, underwritten and/or sold by Morgan Stanley to plaintiff was approximately \$524 million. The complaint alleges causes of action against Morgan Stanley for common law fraud, fraudulent concealment, aiding and abetting fraud, negligent misrepresentation, and rescission and seeks, among other things, compensatory and punitive damages. On 12 April 2013, defendants filed a motion to dismiss the complaint.

On 14 February 2013, Bank Hapoalim B.M. filed a complaint against Morgan Stanley and certain affiliates in the Supreme Court of NY, styled *Bank Hapoalim B.M. v. Morgan Stanley et al.* The complaint alleges that defendants made material misrepresentations and omissions in the sale to plaintiff of certain mortgage pass-through certificates backed by securitization trusts containing residential mortgage loans. The total amount of certificates allegedly sponsored, underwritten and/or sold by Morgan Stanley to plaintiff was approximately \$141 million. The complaint alleges causes of action against Morgan Stanley for common law fraud, fraudulent concealment, aiding and abetting fraud, and negligent misrepresentation, and seeks, among other

things, compensatory and punitive damages. On 26 April 2013, defendants filed a motion to dismiss the complaint.

On 7 March 2013, the Federal Housing Finance Agency filed a summons with notice on behalf of the trustee of the Saxon Asset Securities Trust, Series 2007-1, against Morgan Stanley and an affiliate. The matter is styled *Federal Housing Finance Agency, as Conservator for the Federal Home Loan Mortgage Corporation, on behalf of the Trustee of the Saxon Asset Securities Trust, Series 2007-1 v. Saxon Funding Management LLC and Morgan Stanley* and is pending in the Supreme Court of NY. The notice asserts claims for breach of contract and alleges, among other things, that the loans in the trust, which had an original principal balance of approximately \$593 million, breached various representations and warranties. The notice seeks, among other relief, specific performance of the loan breach remedy procedures in the transaction documents, unspecified damages, indemnity, and interest.

On 3 May 2013, plaintiffs in *Deutsche Zentral-Genossenschaftsbank AG et al. v. Morgan Stanley et al.* filed a complaint against Morgan Stanley, certain affiliates, and other defendants in the Supreme Court of NY. The complaint alleges that defendants made material misrepresentations and omissions in the sale to plaintiffs of certain mortgage pass-through certificates backed by securitization trusts containing residential mortgage loans. The total amount of certificates allegedly sponsored, underwritten and/or sold by Morgan Stanley to plaintiff was approximately \$694 million. The complaint alleges causes of action against Morgan Stanley for common law fraud, fraudulent concealment, aiding and abetting fraud, negligent misrepresentation, and rescission and seeks, among other things, compensatory and punitive damages. On 12 July 2013, defendants filed a motion to dismiss the complaint.

On 17 May 2013, plaintiff in *IKB International S.A. in Liquidation, et al. v. Morgan Stanley, et al.* filed a complaint against Morgan Stanley and certain affiliates in the Supreme Court of NY. The complaint alleges that defendants made material misrepresentations and omissions in the sale to plaintiff of certain mortgage pass-through certificates backed by securitization trusts containing residential mortgage loans. The total amount of certificates allegedly sponsored, underwritten and/or sold by Morgan Stanley to plaintiff was approximately \$132 million. The complaint alleges causes of action against Morgan Stanley for common law fraud, fraudulent concealment, aiding and abetting fraud, and negligent misrepresentation, and seeks, among other things, compensatory and punitive damages. On 26 July 2013, defendants filed a motion to dismiss the complaint.

On 2 July 2013, the trustee, Deutsche Bank became the named plaintiff in *Federal Housing Finance Agency, as Conservator for the Federal Home Loan Mortgage Corporation, on behalf of the Trustee of the Morgan Stanley ABS Capital I Inc. Trust, Series 2007-NC1 (MSAC 2007-NC1) v. Morgan Stanley ABS Capital I Inc.*, and filed a complaint in the Supreme Court of NY under the caption *Deutsche Bank National Trust Company, as Trustee for the Morgan Stanley ABS Capital I Inc. Trust, Series 2007-NC1 v. Morgan Stanley ABS Capital I, Inc.* On 3 February 2014, the plaintiff filed an amended complaint, which asserts claims for breach of contract and breach of the implied covenant of good faith and fair dealing and alleges, among other things, that the loans in the trust, which had an original principal balance of approximately \$1.25 billion, breached various representations and warranties. The amended complaint seeks, among other relief, specific performance of the loan breach remedy procedures in the transaction documents, unspecified damages, rescission and interest.

On 8 July 2013, plaintiff filed a complaint in *Morgan Stanley Mortgage Loan Trust 2007-2AX, by U.S. Bank National Association, solely in its capacity as Trustee v. Morgan Stanley Mortgage Capital Holdings LLC, as successor-by-merger to Morgan Stanley Mortgage Capital Inc., and Greenpoint Mortgage Funding, Inc.* The complaint, filed in the Supreme Court of NY, asserts claims for breach of contract and alleges, among other things, that the loans in the Trust, which had an original principal balance of approximately \$650 million, breached various representations and warranties. The complaint seeks, among other relief, specific performance of the loan breach remedy procedures in the transaction documents, unspecified damages and interest. On 22 August 2013, Morgan Stanley filed a motion to dismiss the complaint.

On 5 August 2013, Landesbank Baden-Württemberg and two affiliates filed a complaint against Morgan Stanley and certain affiliates in the Supreme Court of NY styled *Landesbank Baden-*

Württemberg et al. v. Morgan Stanley et al. The complaint alleges that defendants made material misrepresentations and omissions in the sale to plaintiffs of certain mortgage pass-through certificates backed by securitization trusts containing residential mortgage loans. The total amount of certificates allegedly sponsored, underwritten and/or sold by Morgan Stanley to plaintiffs was approximately \$50 million. The complaint alleges causes of action against Morgan Stanley for, among other things, common law fraud, fraudulent concealment, aiding and abetting fraud, negligent misrepresentation, and rescission based upon mutual mistake, and seeks, among other things, rescission, compensatory damages, and punitive damages. On 4 October 2013, defendants filed a motion to dismiss the complaint.

On 16 August 2013, plaintiffs in *National Credit Union Administration Board v. Morgan Stanley & Co. Incorporated, et al.* filed a complaint against Morgan Stanley and certain affiliates in the United States District Court for the District of Kansas. The complaint alleges that defendants made untrue statements of material fact or omitted to state material facts in the sale to plaintiffs of certain mortgage pass-through certificates issued by securitization trusts containing residential mortgage loans. The total amount of certificates allegedly sponsored, underwritten and/ or sold by Morgan Stanley to plaintiffs was approximately \$567 million. The complaint alleges causes of action against Morgan Stanley for violations of Section 11 and Section 12(a)(2) of the Securities Act of 1933, violations of the California Corporate Securities Law of 1968, and violations of the Kansas Blue Sky Law and seeks, among other things, rescissionary and compensatory damages. The defendants filed a motion to dismiss the complaint on 4 November 2013. On 27 December 2013, the court granted the motion to dismiss in substantial part. The surviving claims relate to one certificate purchased by the plaintiff for approximately \$17 million.

On 26 August 2013, a complaint was filed against Morgan Stanley and certain affiliates in the Supreme Court of NY, styled *Phoenix Light SF Limited et al v. Morgan Stanley et al.* The complaint alleges that defendants made untrue statements and material omissions in the sale to plaintiffs, or their assignors, of certain mortgage pass-through certificates backed by securitization trusts containing residential mortgage loans. The total amount of certificates allegedly issued by Morgan Stanley and/or sold to plaintiffs or their assignors by Morgan Stanley was approximately \$344 million. The complaint raises common law claims of fraud, fraudulent inducement, aiding and abetting fraud, negligent misrepresentation and rescission based on mutual mistake and seeks, among other things, compensatory damages, punitive damages or alternatively rescission or rescissionary damages associated with the purchase of such certificates. The defendants filed a motion to dismiss on 13 December 2013.

On 23 September 2013, plaintiffs in *National Credit Union Administration Board v. Morgan Stanley & Co. Inc., et al.* filed a complaint against Morgan Stanley and certain affiliates in the SDNY. The complaint alleges that defendants made untrue statements of material fact or omitted to state material facts in the sale to plaintiffs of certain mortgage pass-through certificates issued by securitization trusts containing residential mortgage loans. The total amount of certificates allegedly sponsored, underwritten and/or sold by Morgan Stanley to plaintiffs was approximately \$417 million. The complaint alleges causes of action against Morgan Stanley for violations of Section 11 and Section 12(a)(2) of the Securities Act of 1933, violations of the Texas Securities Act, and violations of the Illinois Securities Law of 1953 and seeks, among other things, rescissionary and compensatory damages. The defendants filed a motion to dismiss the complaint on 13 November 2013. On 22 January 2014, the court granted defendants' motion to dismiss with respect to claims arising under the Securities Act of 1933 and denied defendants' motion to dismiss with respect to claims arising under Texas Securities Act and the Illinois Securities Law of 1953.

On 6 November 2013, Deutsche Bank, in its capacity as trustee, became the named plaintiff in *Federal Housing Finance Agency, as Conservator for the Federal Home Loan Mortgage Corporation, on behalf of the Trustee of the Morgan Stanley ABS Capital I Inc. Trust, Series 2007-NC3 (MSAC 2007-NC3) v. Morgan Stanley Mortgage Capital Holdings LLC*, and filed a complaint in the Supreme Court of NY under the caption *Deutsche Bank National Trust Company, solely in its capacity as Trustee for Morgan Stanley ABS Capital I Inc. Trust, Series 2007-NC3 v. Morgan Stanley Mortgage Capital Holdings LLC, as Successor-by-Merger to Morgan Stanley Mortgage Capital Inc.* The complaint asserts claims for breach of contract and breach of the implied covenant of good faith and fair dealing and alleges, among other things,

that the loans in the trust, which had an original principal balance of approximately \$1.3 billion, breached various representations and warranties. The complaint seeks, among other relief, specific performance of the loan breach remedy procedures in the transaction documents, unspecified damages, rescission, interest and costs. On 16 December 2013, Morgan Stanley filed a motion to dismiss the complaint.

On 24 December 2013, Commerzbank AG London Branch filed a summons with notice against Morgan Stanley and others in the Supreme Court of NY, styled *Commerzbank AG London Branch v. UBS AG et al.* Plaintiff purports to be the assignee of claims of certain other entities. The notice alleges that defendants made material misrepresentations and omissions in the sale to plaintiff's assignors of certain mortgage pass-through certificates backed by securitization trusts containing residential mortgage loans. The total amount of certificates allegedly sponsored, underwritten and/or sold by Morgan Stanley to plaintiffs was approximately \$207 million. The notice identifies causes of action against Morgan Stanley for, among other things, common-law fraud, fraudulent inducement, aiding and abetting fraud, civil conspiracy, tortious interference and unjust enrichment. The notice identifies the relief sought to include, among other things, monetary damages of at least approximately \$207 million and punitive damages.

On 30 December 2013, Wilmington Trust Company, in its capacity as trustee for Morgan Stanley Mortgage Loan Trust 2007-12, filed a complaint against Morgan Stanley. The matter is styled *Wilmington Trust Company v. Morgan Stanley Mortgage Capital Holdings LLC et al.* and is pending in the Supreme Court of NY. The complaint asserts claims for breach of contract and alleges, among other things, that the loans in the trust, which had an original principal balance of approximately \$516 million, breached various representations and warranties. The complaint seeks, among other relief, unspecified damages, interest and costs.

On 15 January 2014, the FDIC, as receiver for United Western Bank filed a complaint against Morgan Stanley and others in the District Court of the State of Colorado, styled *Federal Deposit Insurance Corporation, as Receiver for United Western Bank v. Banc of America Funding Corp., et al.* The complaint alleges that Morgan Stanley made untrue statements and material omissions in connection with the sale to United Western Bank of mortgage pass-through certificates backed by securitization trusts containing residential mortgage loans. The amount of certificates allegedly sponsored, underwritten and/or sold to United Western Bank by Morgan Stanley was approximately \$75 million. The complaint raises claims under both federal securities law and the Colorado Securities Act and seeks, among other things, compensatory damages associated with plaintiff's purchase of such certificates.

Other Matters. On a case-by-case basis Morgan Stanley has entered into agreements to toll the statute of limitations applicable to potential civil claims related to RMBS, CDOs and other mortgage-related products and services when Morgan Stanley has concluded that it is in its interest to do so.

On 18 October 2011, Morgan Stanley received a letter from Gibbs & Bruns LLP (the "**Law Firm**"), which is purportedly representing a group of investment advisers and holders of mortgage pass-through certificates issued by RMBS trusts that were sponsored or underwritten by Morgan Stanley. The letter asserted that the Law Firm's clients collectively hold 25 per cent. or more of the voting rights in 17 RMBS trusts sponsored or underwritten by Morgan Stanley and that these trusts have an aggregate outstanding balance exceeding \$6 billion. The letter alleged generally that large numbers of mortgages in these trusts were sold or deposited into the trusts based on false and/or fraudulent representations and warranties by the mortgage originators, sellers and/or depositors. The letter also alleged generally that there is evidence suggesting that Morgan Stanley has failed prudently to service mortgage loans in these trusts. On 31 January 2012, the Law Firm announced that its clients hold over 25 per cent. of the voting rights in 69 RMBS trusts securing over \$25 billion of RMBS sponsored or underwritten by Morgan Stanley, and that its clients had issued instructions to the trustees of these trusts to open investigations into allegedly ineligible mortgages held by these trusts. The Law Firm's press release also indicated that the Law Firm's clients anticipate that they may provide additional instructions to the trustees, as needed, to further the investigations. On 19 September 2012, Morgan Stanley received two purported Notices of Non-Performance from the Law Firm purportedly on behalf of the holders of significant voting rights in various trusts securing over \$28 billion of residential mortgage backed securities sponsored or underwritten by Morgan Stanley. The Notice purports to identify

certain covenants in Pooling and Servicing Agreements ("PSAs") that the holders allege that the Servicer and Master Servicer failed to perform, and alleges that each of these failures has materially affected the rights of certificateholders and constitutes an ongoing event of default under the relevant PSAs. On 2 November 2012, Morgan Stanley responded to the letters, denying the allegations therein.

Commercial Mortgage Related Matter

On 25 January 2011, Morgan Stanley was named as a defendant in *The Bank of New York Mellon Trust, National Association v. Morgan Stanley Mortgage Capital, Inc.*, a litigation pending in the SDNY. The suit, brought by the trustee of a series of commercial mortgage pass-through certificates, alleges that Morgan Stanley breached certain representations and warranties with respect to an \$81 million commercial mortgage loan that was originated and transferred to the trust by Morgan Stanley. The complaint seeks, among other things, to have Morgan Stanley repurchase the loan and pay additional monetary damages. On 27 June 2011, the court denied Morgan Stanley's motion to dismiss, but directed the filing of an amended complaint. On 29 July 2011, Morgan Stanley filed its answer to the first amended complaint. On 20 June 2013, the court granted in part and denied in part Morgan Stanley's motion for summary judgment, and denied the plaintiff's motion for summary judgment. On 30 October 2013, Morgan Stanley filed a supplemental motion for summary judgment.

Matters Related to the CDS Market

On 1 July 2013, the European Commission ("EC") issued a Statement of Objections ("SO") addressed to twelve financial firms (including Morgan Stanley), the International Swaps and Derivatives Association, Inc. ("ISDA") and Markit Group Limited ("Markit") and various affiliates alleging that, between 2006 and 2009, the recipients breached European Union competition law by taking and refusing to take certain actions in an effort to prevent the development of exchange traded credit default swap ("CDS") products. The SO indicates that the EC plans to impose remedial measures and fines on the recipients. Morgan Stanley and the other recipients filed a response to the SO on 21 January 2014. Morgan Stanley and others have also responded to an investigation by the Antitrust Division of the United States Department of Justice related to the CDS market.

Beginning in May 2013, twelve financial firms (including Morgan Stanley), as well as ISDA and Markit, were named as defendants in multiple purported antitrust class actions now consolidated into a single proceeding in the SDNY styled *In Re: Credit Default Swaps Antitrust Litigation*. Plaintiffs allege that defendants violated United States antitrust laws from 2008 to present in connection with their alleged efforts to prevent the development of exchange traded CDS products. The complaints seek, among other relief, certification of a class of plaintiffs who purchased CDS from defendants in the United States, treble damages and injunctive relief.

The following matters were terminated during or following the quarter ended 31 December 2013

In re: Lehman Brothers Equity/Debt Securities Litigation, which had been pending in the SDNY, related to several offerings of debt and equity securities issued by Lehman Brothers Holdings Inc. during 2007 and 2008. A group of underwriter defendants, including Morgan Stanley, settled the main litigation on 2 December 2012. The remaining opt-out claims and appeals have now been resolved.

Stichting Pensioenfonds ABP v. Morgan Stanley, et al., which had been pending in the Supreme Court of NY, involved allegations that the defendants made untrue statements and material omissions to plaintiff in connection with the sale of certain mortgage pass-through certificates backed by securitization trusts containing residential mortgage loans. On 15 November 2013, the parties entered into an agreement to settle the litigation. On 3 December 2013, the court dismissed the action.

Bayerische Landesbank, New York Branch v. Morgan Stanley, et al., which had been pending in the Supreme Court of NY, involved allegations that the defendants made untrue statements and material omissions to plaintiff in connection with the sale of certain mortgage pass-through

certificates backed by securitization trusts containing residential mortgage loans. On 6 December 2013, the parties entered into an agreement to settle the litigation. On 2 January 2014, the court dismissed the action.

Seagull Point, LLC, individually and on behalf of Morgan Stanley ABS Capital I Inc. Trust 2007 HE-5 v. WMC Mortgage Corp., et al., which had been pending in the Supreme Court of NY, involved allegations that the loans in the trust breached various representations and warranties. On 9 January 2014, plaintiff filed a notice of discontinuance, dismissing the action against all defendants.

Federal Home Loan Bank of Chicago v. Bank of America Securities LLC, et al., which had been pending in the Superior Court of the State of California, involved allegations that the defendants made untrue statements and material omissions to plaintiff in connection with the sale of certain mortgage pass-through certificates backed by securitization trusts containing residential mortgage loans. On 6 December 2013, plaintiff filed a request for dismissal of all of its claims against Morgan Stanley. On 27 January 2014, the court dismissed the action.

Metropolitan Life Insurance Company, et al. v. Morgan Stanley, et al., which had been pending in the Supreme Court of NY, involved allegations that the defendants made untrue statements and material omissions to plaintiffs in connection with the sale of certain mortgage pass-through certificates backed by securitization trusts containing residential mortgage loans. On 23 January 2014, the parties reached an agreement in principle to settle the litigation.

Cambridge Place Investment Management Inc. v. Morgan Stanley & Co., Inc., et al., which had been pending in the Superior Court of the Commonwealth of Massachusetts, involved allegations that the defendants made untrue statements and material omissions to plaintiff in connection with the sale of certain mortgage pass-through certificates backed by securitization trusts containing residential mortgage loans. On 11 February 2014, the parties entered into an agreement to settle the litigation. On 20 February 2014, the court dismissed the action.

Federal Housing Finance Agency, as Conservator v. Morgan Stanley et al., which had been pending in the SDNY, involved allegations that the defendants made untrue statements and material omissions to plaintiff in connection with the sale of certain mortgage pass-through certificates backed by securitization trusts containing residential mortgage loans. On 7 February 2014, the parties entered into an agreement to settle the litigation. On 20 February 2014, the court dismissed the action.

On 12 December 2013, Morgan Stanley entered into an agreement with American International Group, Inc. ("AIG") to resolve AIG's potential claims against Morgan Stanley related to AIG's purchases of certain mortgage pass-through certificates sponsored or underwritten by Morgan Stanley backed by securitization trusts containing residential mortgage loans.

Morgan Stanley First Quarterly Report

The following developments have occurred with respect to certain matters previously reported in the 2013 Morgan Stanley Annual Report, as reported above, or concern new actions that have been filed since 31 December 2013.

Residential Mortgage and Credit Crisis Related Matters.

Class Actions

On 25 March 2014, the court in *Ge Dandong, et al. v. Pinnacle Performance Ltd., et al.* denied the defendants' petition seeking permission to appeal the court's decision granting class certification.

Other Litigation

On 18 April 2014, the court in *Sealink Funding Limited v. Morgan Stanley, et al.* granted the defendants' motion to dismiss the complaint.

On 10 April 2014, the court in *Federal Deposit Insurance Corporation as Receiver for Colonial Bank v. Citigroup Mortgage Loan Trust Inc. et al.* denied the defendants' motion to dismiss.

On 22 April 2014, the court in *Bank Hapoalim B.M. v. Morgan Stanley et al.* denied the defendants' motion to dismiss in substantial part.

On 12 March 2014, the defendant in *Deutsche Bank National Trust Company, as Trustee for the Morgan Stanley ABS Capital I Inc. Trust, Series 2007-NC1 v. Morgan Stanley ABS Capital I, Inc.* filed a motion to dismiss the amended complaint.

On 28 April 2014, the court in *National Credit Union Administration Board v. Morgan Stanley & Co. Inc., et al.* in the United States District Court for the Southern District of New York ("SDNY") granted in part and denied in part the plaintiff's motion to strike certain of the defendants' affirmative defenses.

On 28 February 2014, the defendants in *Wilmington Trust Company v. Morgan Stanley Mortgage Capital Holdings LLC et al.* filed a motion to dismiss the complaint.

On 14 February 2014, the defendants in *Federal Deposit Insurance Corporation, as Receiver for United Western Bank v. Banc of America Funding Corp., et al.* filed a notice removing the litigation to the United States District Court for the District of Colorado. On 14 March 2014, the plaintiff filed a motion to remand the action.

On 28 April 2014, Deutsche Bank National Trust Company, in its capacity as trustee for Morgan Stanley Structured Trust I 2007-1, filed a complaint against Morgan Stanley. The matter is styled *Deutsche Bank National Trust Company v. Morgan Stanley Mortgage Capital Holdings LLC* and is pending in the SDNY. The complaint asserts claims for breach of contract and alleges, among other things, that the loans in the trust, which had an original principal balance of approximately \$735 million, breached various representations and warranties. The complaint seeks, among other relief, specific performance of the loan breach remedy procedures in the transaction documents, unspecified compensatory and/or rescissory damages, interest and costs.

Matters Related to the CDS Market.

On 14 March 2014, the defendants in *In Re: Credit Default Swaps Antitrust Litigation* filed a motion to dismiss the plaintiffs' consolidated amended complaint.

(b) Contingencies

The following is an extract of Note 12 from Item 1 of Part I entitled "Contingencies" from the 2013 Morgan Stanley Annual Report

In the normal course of business, Morgan Stanley has been named, from time to time, as a defendant in various legal actions, including arbitrations, class actions and other litigation, arising in connection with its activities as a global diversified financial services institution. Certain of the actual or threatened legal actions include claims for substantial compensatory and/or punitive damages or claims for indeterminate amounts of damages. In some cases, the entities that would otherwise be the primary defendants in such cases are bankrupt or are in financial distress. These actions have included, but are not limited to, residential mortgage and credit crisis related matters. Over the last several years, the level of litigation and investigatory activity (both formal and informal) by governmental and self-regulatory agencies has increased materially in the financial services industry. As a result, Morgan Stanley expects that it may become the subject of increased claims for damages and other relief and, while Morgan Stanley has identified below any individual proceedings where Morgan Stanley believes a material loss to be reasonably possible and reasonably estimable, there can be no assurance that material losses will not be incurred from claims that have not yet been asserted or are not yet determined to be probable or possible and reasonably estimable losses.

Morgan Stanley contests liability and/or the amount of damages as appropriate in each pending matter. Where available information indicates that it is probable a liability had been incurred at the date of the consolidated financial statements and Morgan Stanley can reasonably estimate the amount of that loss, Morgan Stanley accrues the estimated loss by a charge to income. Morgan

Stanley expects future litigation accruals in general to continue to be elevated and the changes in accruals from period to period may fluctuate significantly, given the current environment regarding government investigations and private litigation affecting global financial services firms, including Morgan Stanley.

In many proceedings and investigations, however, it is inherently difficult to determine whether any loss is probable or even possible or to estimate the amount of any loss. In addition, even where loss is possible or an exposure to loss exists in excess of the liability already accrued with respect to a previously recognized loss contingency, it is not always possible to reasonably estimate the size of the possible loss or range of loss.

For certain legal proceedings and investigations, Morgan Stanley cannot reasonably estimate such losses, particularly for proceedings and investigations where the factual record is being developed or contested or where plaintiffs or governmental entities seek substantial or indeterminate damages, restitution, disgorgement or penalties. Numerous issues may need to be resolved, including through potentially lengthy discovery and determination of important factual matters, determination of issues related to class certification and the calculation of damages or other relief, and by addressing novel or unsettled legal questions relevant to the proceedings or investigations in question, before a loss or additional loss or range of loss or range of additional loss can be reasonably estimated for a proceeding or investigation.

For certain other legal proceedings and investigations, Morgan Stanley can estimate reasonably possible losses, additional losses, ranges of loss or ranges of additional loss in excess of amounts accrued, but does not believe, based on current knowledge and after consultation with counsel, that such losses will have a material adverse effect on Morgan Stanley's consolidated financial statements as a whole, other than the matters referred to in the following paragraphs.

On 15 March 2010, the Federal Home Loan Bank of San Francisco filed two complaints against Morgan Stanley and other defendants in the Superior Court of the State of California. These actions are styled *Federal Home Loan Bank of San Francisco v. Credit Suisse Securities (USA) LLC, et al.*, and *Federal Home Loan Bank of San Francisco v. Deutsche Bank Securities Inc. et al.*, respectively. Amended complaints filed on 10 June 2010 allege that defendants made untrue statements and material omissions in connection with the sale to plaintiff of a number of mortgage pass-through certificates backed by securitization trusts containing residential mortgage loans. The amount of certificates allegedly sold to plaintiff by Morgan Stanley in these cases was approximately \$704 million and \$276 million, respectively. The complaints raise claims under both the federal securities laws and California law and seek, among other things, to rescind the plaintiff's purchase of such certificates. On 11 August 2011, plaintiff's Securities Act claims were dismissed with prejudice. The defendants filed answers to the amended complaints on 7 October 2011. On 9 February 2012, defendants' demurrers with respect to all other claims were overruled. On 20 December 2013, plaintiff's negligent misrepresentation claims were dismissed with prejudice. A bellwether trial is currently scheduled to begin in September 2014. Morgan Stanley is not a defendant in connection with the securitizations at issue in that trial. At 25 March 2014, the current unpaid balance of the mortgage pass-through certificates at issue in these cases was approximately \$309 million, and the certificates had incurred actual losses of approximately \$5 million. Based on currently available information, Morgan Stanley believes it could incur a loss for this action up to the difference between the \$309 million unpaid balance of these certificates (plus any losses incurred) and their fair market value at the time of a judgment against Morgan Stanley, plus pre- and post-judgment interest, fees and costs. Morgan Stanley may be entitled to be indemnified for some of these losses and to an offset for interest received by the plaintiff prior to a judgment.

On 15 July 2010, China Development Industrial Bank ("**CDIB**") filed a complaint against Morgan Stanley, styled *China Development Industrial Bank v. Morgan Stanley & Co. Incorporated et al.*, which is pending in the Supreme Court of the State of New York, New York County ("**Supreme Court of NY**"). The complaint relates to a \$275 million credit default swap referencing the super senior portion of the STACK 2006-1 CDO. The complaint asserts claims for common law fraud, fraudulent inducement and fraudulent concealment and alleges that Morgan Stanley misrepresented the risks of the STACK 2006-1 CDO to CDIB, and that Morgan Stanley knew that the assets backing the CDO were of poor quality when it entered into the credit default swap with CDIB. The complaint seeks compensatory damages related to the

approximately \$228 million that CDIB alleges it has already lost under the credit default swap, rescission of CDIB's obligation to pay an additional \$12 million, punitive damages, equitable relief, fees and costs. On 28 February 2011, the court denied Morgan Stanley's motion to dismiss the complaint. Based on currently available information, Morgan Stanley believes it could incur a loss of up to approximately \$240 million plus pre- and post-judgment interest, fees and costs.

On 15 October 2010, the Federal Home Loan Bank of Chicago filed a complaint against Morgan Stanley and other defendants in the Circuit Court of the State of Illinois styled *Federal Home Loan Bank of Chicago v. Bank of America Funding Corporation et al.* The complaint alleges that defendants made untrue statements and material omissions in the sale to plaintiff of a number of mortgage pass-through certificates backed by securitization trusts containing residential mortgage loans. The total amount of certificates allegedly sold to plaintiff by Morgan Stanley in this action was approximately \$203 million. The complaint raises claims under Illinois law and seeks, among other things, to rescind the plaintiff's purchase of such certificates. On 24 March 2011, the court granted plaintiff leave to file an amended complaint. Morgan Stanley filed its answer on 21 December 2012. On 13 December 2013, the court entered an order dismissing all claims related to one of the securitizations at issue.

At 25 March 2014, the current unpaid balance of the mortgage pass-through certificates at issue in this action was approximately \$57 million and the certificates had not yet incurred actual losses. Based on currently available information, Morgan Stanley believes it could incur a loss in this action up to the difference between the \$57 million unpaid balance of these certificates (plus any losses incurred) and their fair market value at the time of a judgment against Morgan Stanley, plus pre- and post-judgment interest, fees and costs. Morgan Stanley may be entitled to be indemnified for some of these losses and to an offset for interest received by the plaintiff prior to a judgment.

On 18 July 2011, the Western and Southern Life Insurance Company and certain affiliated companies filed a complaint against Morgan Stanley and other defendants in the Court of Common Pleas in Ohio, styled *Western and Southern Life Insurance Company, et al. v. Morgan Stanley Mortgage Capital Inc., et al.* An amended complaint was filed on 2 April 2012 and alleges that defendants made untrue statements and material omissions in the sale to plaintiffs of certain mortgage pass-through certificates backed by securitization trusts containing residential mortgage loans. The amount of the certificates allegedly sold to plaintiffs by Morgan Stanley was approximately \$153 million. The amended complaint raises claims under the Ohio Securities Act, federal securities laws, and common law and seeks, among other things, to rescind the plaintiffs' purchases of such certificates. Morgan Stanley filed its answer on 17 August 2012. Trial is currently scheduled to begin in June 2015. At 25 March 2014, the current unpaid balance of the mortgage pass-through certificates at issue in this action was approximately \$115 million, and the certificates had incurred actual losses of approximately \$1 million. Based on currently available information, Morgan Stanley believes it could incur a loss in this action up to the difference between the \$115 million unpaid balance of these certificates (plus any losses incurred) and their fair market value at the time of a judgment against Morgan Stanley, plus post-judgment interest, fees and costs. Morgan Stanley may be entitled to an offset for interest received by the plaintiff prior to a judgment.

On 25 April 2012, The Prudential Insurance Company of America and certain affiliates filed a complaint against Morgan Stanley and certain affiliates in the Superior Court of the State of New Jersey styled *The Prudential Insurance Company of America, et al. v. Morgan Stanley, et al.* The complaint alleges that defendants made untrue statements and material omissions in connection with the sale to plaintiffs of certain mortgage pass-through certificates backed by securitization trusts containing residential mortgage loans. The total amount of certificates allegedly sponsored, underwritten and/or sold by Morgan Stanley is approximately \$1 billion. The complaint raises claims under the New Jersey Uniform Securities Law, as well as common law claims of negligent misrepresentation, fraud and tortious interference with contract and seeks, among other things, compensatory damages, punitive damages, rescission and rescissory damages associated with plaintiffs' purchases of such certificates. On 16 October 2012, plaintiffs filed an amended complaint which, among other things, increases the total amount of the certificates at issue by approximately \$80 million, adds causes of action for fraudulent inducement, equitable fraud, aiding and abetting fraud, and violations of the New Jersey RICO statute, and includes a claim for treble damages. On 15 March 2013, the court denied the

defendants' motion to dismiss the amended complaint. On 26 April 2013, the defendants filed an answer to the amended complaint. At 25 March 2014, the current unpaid balance of the mortgage pass-through certificates at issue in this action was approximately \$636 million, and the certificates had not yet incurred actual losses. Based on currently available information, Morgan Stanley believes it could incur a loss in this action up to the difference between the \$636 million unpaid balance of these certificates (plus any losses incurred) and their fair market value at the time of a judgment against Morgan Stanley, plus pre- and post-judgment interest, fees and costs. Morgan Stanley may be entitled to be indemnified for some of these losses and to an offset for interest received by the plaintiff prior to a judgment.

On 20 April 2011, the Federal Home Loan Bank of Boston filed a complaint against Morgan Stanley and other defendants in the Superior Court of the Commonwealth of Massachusetts styled *Federal Home Loan Bank of Boston v. Ally Financial, Inc. F/K/A GMAC LLC et al.* An amended complaint was filed on 19 June 2012 and alleges that defendants made untrue statements and material omissions in the sale to plaintiff of certain mortgage pass-through certificates backed by securitization trusts containing residential mortgage loans. The total amount of certificates allegedly issued by Morgan Stanley or sold to plaintiff by Morgan Stanley was approximately \$385 million. The amended complaint raises claims under the Massachusetts Uniform Securities Act, the Massachusetts Consumer Protection Act and common law and seeks, among other things, to rescind the plaintiff's purchase of such certificates. On 26 May 2011, defendants removed the case to the United States District Court for the District of Massachusetts. On 11 October 2012, defendants filed motions to dismiss the amended complaint, which was granted in part and denied in part on 30 September 2013. The defendants filed an answer to the amended complaint on 16 December 2013. At 25 March 2014, the current unpaid balance of the mortgage pass-through certificates at issue in this action was approximately \$78 million, and the certificates had incurred actual losses of approximately \$1 million. Based on currently available information, Morgan Stanley believes it could incur a loss in this action up to the difference between the \$78 million unpaid balance of these certificates (plus any losses incurred) and their fair market value at the time of a judgment against Morgan Stanley, plus pre- and post-judgment interest, fees and costs. Morgan Stanley may be entitled to be indemnified for some of these losses and to an offset for interest received by the plaintiff prior to a judgment.

On 8 August 2012, U.S. Bank, in its capacity as Trustee, filed a complaint on behalf of Morgan Stanley Mortgage Loan Trust 2006-14SL, Mortgage Pass-Through Certificates, Series 2006-14SL, Morgan Stanley Mortgage Loan Trust 2007-4SL and Mortgage Pass-Through Certificates, Series 2007-4SL against Morgan Stanley.

The complaint is styled *Morgan Stanley Mortgage Loan Trust 2006-14SL, et al. v. Morgan Stanley Mortgage Capital Holdings LLC, as successor in interest to Morgan Stanley Mortgage Capital Inc.* and is pending in the Supreme Court of NY. The complaint asserts claims for breach of contract and alleges, among other things, that the loans in the trusts, which had original principal balances of approximately \$354 million and \$305 million respectively, breached various representations and warranties. On 9 October 2012, Morgan Stanley filed a motion to dismiss the complaint. On 16 August 2013, the court granted in part and denied in part Morgan Stanley's motion to dismiss the complaint. On 17 September 2013, Morgan Stanley filed its answer to the complaint. On 26 September 2013, and 7 October 2013, Morgan Stanley and the plaintiffs, respectively, filed notices of appeal with respect to the court's 16 August 2013 decision. The plaintiff is seeking, among other relief, rescission of the mortgage loan purchase agreements underlying the transactions, specific performance and unspecified damages and interest. Based on currently available information, Morgan Stanley believes that it could incur a loss in this action of up to approximately \$527 million, plus pre- and post-interest, fees and costs.

On 14 February 2013, Bank Hapoalim B.M. filed a complaint against Morgan Stanley and certain affiliates in the Supreme Court of NY, styled *Bank Hapoalim B.M. v. Morgan Stanley et al.* The complaint alleges that defendants made material misrepresentations and omissions in the sale to plaintiff of certain mortgage pass-through certificates backed by securitization trusts containing residential mortgage loans. The total amount of certificates allegedly sponsored, underwritten and/or sold by Morgan Stanley to plaintiff was approximately \$141 million. The complaint alleges causes of action against Morgan Stanley for common law fraud, fraudulent concealment, aiding and abetting fraud, and negligent misrepresentation, and seeks, among other things, compensatory and punitive damages. On 22 April 2014, the defendants' motion to

dismiss was denied in substantial part. At 25 March 2014, the current unpaid balance of the mortgage pass-through certificates at issue in this action was approximately \$76 million, and the certificates had not yet incurred actual losses. Based on currently available information, Morgan Stanley believes it could incur a loss in this action up to the difference between the \$76 million unpaid balance of these certificates (plus any losses incurred) and their fair market value at the time of a judgment against Morgan Stanley, plus pre- and post-judgment interest, fees and costs.

On 23 September 2013, plaintiffs in *National Credit Union Administration Board v. Morgan Stanley & Co. Inc., et al.* filed a complaint against Morgan Stanley and certain affiliates in the United States District Court for the Southern District of New York. The complaint alleges that defendants made untrue statements of material fact or omitted to state material facts in the sale to plaintiffs of certain mortgage pass-through certificates issued by securitization trusts containing residential mortgage loans. The total amount of certificates allegedly sponsored, underwritten and/or sold by Morgan Stanley to plaintiffs was approximately \$417 million. The complaint alleges causes of action against Morgan Stanley for violations of Section 11 and Section 12(a)(2) of the Securities Act of 1933, violations of the Texas Securities Act, and violations of the Illinois Securities Law of 1953 and seeks, among other things, rescissory and compensatory damages. The defendants filed a motion to dismiss the complaint on 13 November 2013. On 22 January 2014 the court granted defendants' motion to dismiss with respect to claims arising under the Securities Act of 1933 and denied defendants' motion to dismiss with respect to claims arising under Texas Securities Act and the Illinois Securities Law of 1953. On 28 April 2014, the court granted in part and denied in part plaintiff's motion to strike certain of the defendant's affirmative defenses. At 25 March 2014, the current unpaid balance of the mortgage pass-through certificates at issue in this action was approximately \$220 million, and the certificates had incurred actual losses of approximately \$25 million. Based on currently available information, Morgan Stanley believes it could incur a loss in this action up to the difference between the \$220 million unpaid balance of these certificates (plus any losses incurred) and their fair market value at the time of a judgment against Morgan Stanley, plus pre- and post-judgment interest, fees and costs. Morgan Stanley may be entitled to be indemnified for some of these losses and to an offset for interest received by the plaintiff prior to a judgment.

Save as disclosed in:

- (a) the paragraphs beginning with "Residential Mortgage and Credit Crisis Related Matters" in Part I - Item 3 entitled "*Legal Proceedings*" at pages 35-46 and in the paragraphs beginning with "Legal" under the heading "*Contingencies*" in Part II - Item 8 entitled "*Notes to Consolidated Financial Statements*" at pages 239-243 of Morgan Stanley's Annual Report on Form 10-K for the year ended 31 December 2013;
- (b) the paragraphs beginning with "Residential Mortgage and Credit Crisis Related Matters" in Part II – Other Information entitled "*Legal Proceedings*" at pages 166-175 and in the paragraphs beginning with "Legal" under the heading "*Contingencies*" in Part II – Item 12 entitled "*Notes to Consolidated Financial Statements*" at pages 76-80 of Morgan Stanley's Quarterly Report on Form 10-Q for the quarter ended 31 March 2014; and
- (c) in this Registration Document,

there are no, nor have there been, any governmental, legal or arbitration proceedings involving Morgan Stanley (including any such proceedings which are pending or threatened of which Morgan Stanley is aware) during the 12-month period before the date of this Registration Document which may have, or have had in the recent past, a significant effect on the financial position or profitability of Morgan Stanley or the Morgan Stanley Group.

8. ADDITIONAL INFORMATION

Auditors

The auditors of Morgan Stanley for the financial years 1 January 2012 to 31 December 2012 and 1 January 2013 to 31 December 2013 were Deloitte & Touche LLP, an independent registered public accounting firm registered with the Public Company Accounting Oversight Board (United States) (the "**Auditors**").

The Auditors have audited the consolidated statements of financial condition of Morgan Stanley as of 31 December 2013 and 31 December 2012 and the consolidated statements of income, comprehensive income, cash flows, and changes in total equity for the years ended 31 December 2013 and 31 December 2012.

The Auditors have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Morgan Stanley's internal control over financial reporting as of 31 December 2013, based on the criteria established in *Internal Control—Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission, and their report dated 25 February 2014 expressed an unqualified opinion on Morgan Stanley's internal control over financial reporting.

The Auditors expressed an opinion on such consolidated financial statements, indicating that such consolidated financial statements present fairly, in all material respects, the financial position of Morgan Stanley as of 31 December 2012 and 31 December 2013, and the results of its operations and its cash flows for the years ended 31 December 2011, 2012 and 2013 in conformity with accounting principles generally accepted in the United States of America.

Based on their audits, the Auditors expressed their opinion that such financial statements, when consolidated in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

Trend Information

Morgan Stanley's may be affected by market fluctuations due to global and economic conditions and other factors. Morgan Stanley's results of operations in the past have been, and in the future may continue to be, materially affected by many factors, including the effect of economic and political conditions and geopolitical events; the effect of market conditions, particularly in the global equity, fixed income, credit and commodities markets, including corporate and mortgage (commercial and residential) lending and commercial real estate markets; the impact of current, pending and future legislation (including the Dodd-Frank Act)), regulation (including capital, leverage and liquidity requirements), policies (including fiscal and monetary) and legal and regulatory actions in the U.S. and worldwide; the level and volatility of equity, fixed income and commodity prices, interest rates, currency values and other market indices; the availability and cost of both credit and capital as well as the credit ratings assigned to Morgan Stanley's unsecured short-term and long-term debt; investor, consumer and business sentiment and confidence in the financial markets; the performance of its acquisitions, divestitures, joint ventures, strategic alliances or other strategic arrangements; its reputation; inflation, natural disasters, and acts of war or terrorism; the actions and initiatives of current and potential competitors, as well as governments, regulators and self-regulatory organisations; the effectiveness of its risk management policies; and technological changes and risks, including cybersecurity risks; or a combination of these or other factors. In addition, legislative, legal and regulatory developments related to its businesses are likely to increase costs, thereby affecting results of operations. These factors also may have an adverse impact on its ability to achieve its strategic objectives.

There has been no material adverse change in the prospects of Morgan Stanley since 31 December 2013.

Significant Change

There has been no significant change in the financial or trading position of Morgan Stanley since 31 March 2014.

Share Capital

The authorised share capital of Morgan Stanley at 31 March 2014 comprised 3,500,000,000 ordinary shares of nominal value U.S. \$0.01 and 30,000,000 preferred stock of nominal value U.S. \$0.01.

The issued, non-assessable and fully paid up share capital of Morgan Stanley at 31 December 2013 comprised 2,038,893,979 ordinary shares of nominal value U.S. \$0.01.

Certificate of Incorporation

Morgan Stanley's objects and purposes are set out in Article III of its Certificate of Incorporation and enable it to engage in any lawful act or activity for which corporations may be organised and incorporated under the General Corporation Law of the State of Delaware.

9. INFORMATION GIVEN BY THIRD PARTIES, EXPERTS' VALUATIONS AND DECLARATION OF INTERESTS

This Registration Document does not contain any information given by third parties, experts' valuation or declaration of interests other than the reports of the auditors. For further details see section "*Additional Information*" above.

10. FINANCIAL INFORMATION

Required Capital

Morgan Stanley's required capital ("**Required Capital**") estimation is based on the Required Capital Framework, an internal capital adequacy measure. This framework is a risk-based use-of-capital measure, which is compared with Morgan Stanley's regulatory capital to ensure Morgan Stanley maintains an amount of going concern capital after absorbing potential losses from extreme stress events where applicable, at a point in time. Morgan Stanley defines the difference between its regulatory capital and aggregate Required Capital as Parent capital. Average Tier 1 common capital, aggregate Required Capital and Parent capital for 2013 were approximately \$47.7 billion, \$38.7 billion and \$9.0 billion, respectively. Morgan Stanley generally holds Parent capital for prospective regulatory requirements, organic growth, acquisitions and other capital needs.

Tier 1 common capital and common equity attribution to the business segments is based on capital usage calculated by the Required Capital Framework. In principle, each business segment is capitalized as if it were an independent operating entity with limited diversification benefit between the business segments. Required Capital is assessed at each business segment and further attributed to product lines. This process is intended to align capital with the risks in each business segment in order to allow senior management to evaluate returns on a risk-adjusted basis. The Required Capital Framework will evolve over time in response to changes in the business and regulatory environment and to incorporate enhancements in modeling techniques. Morgan Stanley will continue to evaluate the framework with respect to the impact of future regulatory requirements, as appropriate.

The following table presents the business segments' and Parent's average Tier 1 common capital and average common equity for 2013 and 2012:

	2013		2012	
	Average Tier 1 Common Capital	Average Common Equity	Average Tier 1 Common Capital	Average Common Equity
	<i>(dollars in billions)</i>			
Institutional Securities	\$32.7	\$37.9	\$22.3	\$29.0
Wealth Management	4.3	13.2	3.7	13.3
Investment Management	1.7	2.8	1.3	2.4
Parent capital ⁽¹⁾	9.0	8.0	15.5	16.1
Total	\$47.7	\$61.9	\$42.8	\$60.8

⁽¹⁾ Effective January 2013, Morgan Stanley updated its Required Capital Framework methodology to coincide with the regulatory changes that became effective in 2013. As a result of this update to the methodology, the majority of which was driven by the implementation of the market risk capital framework amendment, average Institutional Securities capital increased and average Parent capital decreased, partially offset by accretion of net income at 31 December 2013.

Overview of 2013 Financial Results.

Consolidated Results. Morgan Stanley recorded net income applicable to Morgan Stanley of \$2,932 million on net revenues of \$32,417 million in 2013 compared with net income applicable to Morgan Stanley of \$68 million on net revenues of \$26,102 million in 2012.

Net revenues in 2013 included negative revenues due to the impact of DVA of \$681 million compared with negative revenues of \$4,402 million in 2012. Non-interest expenses increased 9 per cent. to \$27,935 million in 2013 compared with \$25,582 million in 2012. Compensation expenses increased 4 per cent. to \$16,277 million in 2013 compared with \$15,615 million in 2012. Non-compensation expenses increased 17 per cent. to \$11,658 million in 2013 compared with \$9,967 million in 2012. The increase in non-compensation expenses primarily reflected higher legal expenses.

Earnings (loss) per diluted common share ("**diluted EPS**") and diluted EPS from continuing operations were \$1.36 and \$1.38, respectively, in 2013 compared with \$(0.02) and \$0.02, respectively, in 2012. The diluted EPS calculation for 2013 included a negative adjustment of approximately \$151 million related to the purchase of the remaining interest in the Wealth Management JV, which was completed in June 2013.

Excluding the impact of DVA, net revenues were \$33,098 million, and diluted EPS from continuing operations was \$1.61 per share in 2013 compared with \$30,504 million and \$1.64 per share, respectively, in 2012.

Morgan Stanley's effective tax rate from continuing operations was 18.4 per cent. for 2013. The effective tax rate included an aggregate discrete net tax benefit of \$407 million. Excluding this aggregate discrete net tax benefit, the effective tax rate from continuing operations in 2013 would have been 27.5 per cent.

Institutional Securities. Income from continuing operations before taxes was \$869 million in 2013 compared with a loss from continuing operations before taxes of \$1,688 million in 2012. Net revenues for 2013 were \$15,443 million compared with \$11,025 million in 2012. The results in 2013 included negative revenues due to the impact of DVA of \$681 million compared with negative revenues of \$4,402 million in 2012. Investment banking revenues for 2013 increased 11 per cent. from 2012 to \$4,377 million, reflecting higher revenues from equity and fixed income underwriting transactions, partially offset by lower advisory revenues. The following sales and trading net revenues results exclude the impact of DVA. Sales and trading net revenues are composed of: trading revenues; commissions and fees; asset management, distribution and administration fees; and net interest revenues (expenses). The presentation of net revenues excluding the impact of DVA is a non-GAAP financial measure that Morgan Stanley considers useful for Morgan Stanley and investors to allow further comparability of period-to-period operating performance. Equity sales and trading net revenues, excluding the impact of DVA, of \$6,607 million increased 11 per cent. from 2012, reflecting strong performance across most products and regions from higher client activity, with particular strength in prime brokerage. Excluding the impact of DVA, fixed income and commodities sales and trading net revenues were \$4,197 million in 2013, a decrease of 25 per cent. from 2012, reflecting lower levels of client activity across most products. Net investment gains of \$707 million were recognized in 2013, compared with net investment gains of \$219 million in 2012, primarily reflecting a gain on the disposition of an investment in an insurance broker. Other revenues of \$608 million were recognized in 2013 compared with other revenues of \$203 million in 2012. Other revenues included income arising from Morgan Stanley's 40 per cent. stake in Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. ("**MUMSS**"). Non-interest expenses increased 15 per cent. in 2013 to \$14,574 million, primarily due to higher non-compensation expenses. Compensation and benefits expenses in 2013 decreased 2 per cent. from 2012 to \$6,823 million, primarily due to lower headcount. Non-compensation expenses were \$7,751 million in 2013 compared with \$5,735 million in 2012, reflecting the increased level of legal expenses.

Wealth Management. Income from continuing operations before taxes was \$2,629 million in 2013 compared with \$1,622 million in 2012. Net revenues were \$14,214 million in 2013 compared with \$13,034 million in 2012. Transactional revenues, consisting of Trading, Commissions and fees and Investment banking increased 8 per cent. from 2012 to \$4,293 million. Trading revenues increased 11 per cent. from 2012 to \$1,161 million in 2013, primarily due to gains related to investments associated with certain employee deferred compensation plans and higher revenues from fixed income products. Commissions and fees revenues increased 6 per cent. from 2012 to \$2,209 million in 2013, primarily due to higher equity, mutual fund and alternatives activity. Investment banking revenues increased 11 per cent. from 2012 to \$923 million in 2013, primarily due to higher levels of underwriting activity in closed-end funds and unit trusts. Asset management, distribution and administration fees increased 6 per cent. from 2012 to \$7,638 million in 2013, primarily due to higher fee-based revenues, partially offset by lower revenues from referral fees from the bank deposit program. Net interest increased 20 per cent. from 2012 to \$1,880 million in 2013, primarily due to higher balances in the bank deposit program and growth in loans and lending commitments in Portfolio Loan Account ("**PLA**") securities-based lending products. In addition, interest expense declined in 2013 due to Morgan Stanley's redemption of all Class A Preferred

Interests owned by Citi and its affiliates, in connection with Morgan Stanley's acquisition of 100 per cent. ownership of the Wealth Management JV effective at the end of the second quarter of 2013. Total client asset balances were \$1,909 billion at December 31, 2013 and client assets in fee-based accounts were \$697 billion, or 37 per cent. of total client assets. Fee-based client asset flows for 2013 were \$51.9 billion compared with \$26.9 billion in 2012. Prior period amounts have been recast to reflect the transfer of the International Wealth Management business from the Wealth Management business segment to the Institutional Securities business segment and for Morgan Stanley's enhanced definition of fee-based asset flows (see "*Business Segments*" herein). Compensation and benefits expenses increased 6 per cent. from 2012 to \$8,271 million in 2013, primarily due to higher compensable revenues. Non-compensation expenses decreased 8 per cent. from 2012 to \$3,314 million in 2013, primarily driven by the absence of platform integration costs and non-recurring technology write-offs, partially offset by an impairment expense of \$36 million related to certain intangible assets (management contracts) associated with alternative investment funds in 2013.

Investment Management. Income from continuing operations before taxes was \$984 million in 2013 compared with \$590 million in 2012. Net revenues were \$2,988 million in 2013 compared with \$2,219 million in 2012. The increase in net revenues reflected higher net investment gains predominantly within Morgan Stanley's Merchant Banking and Real Estate Investing businesses and higher gains on certain investments associated with Morgan Stanley's employee deferred compensation and co-investment plans. Results in 2013 also included an additional allocation of fund income to Morgan Stanley as general partner, upon exceeding cumulative fund performance thresholds ("**carried interest**"). Non-interest expenses were \$2,004 million in 2013 compared with \$1,629 million in 2012. Compensation and benefits expenses increased 41 per cent. to \$1,183 million in 2013, primarily due to higher net revenues. Non-compensation expenses increased 4 per cent. to \$821 million in 2013, primarily due to higher brokerage and clearing and professional services expenses, partially offset by lower information processing expenses.

MORGAN STANLEY

Consolidated Statements of Financial Condition (dollars in millions, except share data)

	December 31, 2013	December 31, 2012
Assets		
Cash and due from banks (\$544 and \$526 at December 31, 2013 and December 31, 2012, respectively, related to consolidated variable interest entities generally not available to the Company)	\$16,602	\$20,878
Interest bearing deposits with banks	43,281	26,026
Cash deposited with clearing organizations or segregated under federal and other regulations or requirements	39,203	30,970
Trading assets, at fair value (approximately \$151,078 and \$147,348 were pledged to various parties at December 31, 2013 and December 31, 2012, respectively; \$2,825 and \$3,505 related to consolidated variable interest entities, generally not available to the Company at December 31, 2013 and December 31, 2012, respectively)	280,744	267,603
Securities available for sale, at fair value	53,430	39,869
Securities received as collateral, at fair value	20,508	14,278
Federal funds sold and securities purchased under agreements to resell (includes \$866 and \$621 at fair value at December 31, 2013 and December 31, 2012, respectively)	118,130	134,412
Securities borrowed	129,707	121,701
Customer and other receivables	57,104	64,288
Loans:		
Held for investment (net of allowances of \$156 and \$106 at December 31, 2013 and December 31, 2012, respectively)	36,545	23,917
Held for sale	6,329	5,129
Other investments	5,086	4,999
Premises, equipment and software costs (net of accumulated depreciation of \$6,420 and \$5,525 at December 31, 2013 and December 31, 2012, respectively) (\$201 and \$224 at December 31, 2013 and December 31, 2012, respectively, related to consolidated variable interest entities, generally not available to the Company)	6,019	5,946
Goodwill	6,595	6,650
Intangible assets (net of accumulated amortization of \$1,703 and \$1,250 at December 31, 2013 and December 31, 2012, respectively) (includes \$8 and \$7 at fair value at December 31, 2013 and December 31, 2012, respectively)	3,286	3,783
Other assets (\$11 and \$593 at December 31, 2013 and December 31, 2012, respectively, related to consolidated variable interest entities, generally not available to the Company)	10,133	10,511
Total assets	\$832,702	\$780,960
Liabilities		
Deposits (includes \$185 and \$1,485 at fair value at December 31, 2013 and December 31, 2012, respectively)	\$112,379	\$83,266
Commercial paper and other short-term borrowings (includes \$1,347 and \$725 at fair value at December 31, 2013 and December 31, 2012, respectively)	2,142	2,138
Trading liabilities, at fair value	104,521	120,122
Obligation to return securities received as collateral, at fair value	24,568	18,226
Securities sold under agreements to repurchase (includes \$561 and \$363 at fair value at December 31, 2013 and December 31, 2012, respectively)	145,676	122,674
Securities loaned	32,799	36,849
Other secured financings (includes \$5,206 and \$9,466 at fair value at December 31, 2013 and December 31, 2012, respectively) (\$543 and \$976 at December 31, 2013 and December 31, 2012, respectively, related to consolidated variable interest entities and are non-recourse to the Company)	14,215	15,727
Customer and other payables	157,125	127,722
Other liabilities and accrued expenses (\$76 and \$117 at December 31, 2013 and December 31, 2012, respectively, related to consolidated variable interest entities and are non-recourse to the Company)	16,672	14,928
Long-term borrowings (includes \$35,637 and \$44,044 at fair value at December 31, 2013 and December 31, 2012, respectively)	153,575	169,571
Total liabilities	763,672	711,223
Commitments and contingent liabilities		
Redeemable noncontrolling interests	—	4,309
Equity		
Morgan Stanley shareholders' equity:		
Preferred stock (see Note 15)	3,220	1,508
Common stock, \$0.01 par value:		
Shares authorized: 3,500,000,000 at December 31, 2013 and December 31, 2012; ...		
Shares issued: 2,038,893,979 at December 31, 2013 and December 31, 2012;		
Shares outstanding: 1,944,868,751 at December 31, 2013 and 1,974,042,123 at December 31, 2012	20	20
Additional Paid-in capital	24,570	23,426

	December 31, 2013	December 31, 2012
Retained earnings.....	42,172	39,912
Employee stock trusts	1,718	2,932
Accumulated other comprehensive loss	(1,093)	(516)
Common stock held in treasury, at cost, \$0.01 par value; 94,025,228 shares at December 31, 2013 and 64,851,856 shares at December 31, 2012	(2,968)	(2,241)
Common stock issued to employee stock trusts	(1,718)	(2,932)
Total Morgan Stanley shareholders' equity	65,921	62,109
Nonredeemable noncontrolling interests	3,109	3,319
Total equity	69,030	65,428
Total liabilities, redeemable noncontrolling interests and equity	\$832,702	\$780,960

Consolidated Statements of Income
(dollars in millions, except share and per share data)

	2013	2012	2011
Revenues:			
Investment banking	\$5,246	\$4,758	\$4,991
Trading	9,359	6,990	12,384
Investments	1,777	742	573
Commissions and fees	4,629	4,253	5,343
Asset management, distribution and administration fees	9,638	9,008	8,409
Other	990	556	176
Total non-interest revenues	31,639	26,307	31,876
Interest income	5,209	5,692	7,234
Interest expense	4,431	5,897	6,883
Net interest	778	(205)	351
Net revenues	32,417	26,102	32,227
Non-interest expenses:			
Compensation and benefits	16,277	15,615	16,325
Occupancy and equipment	1,499	1,543	1,544
Brokerage, clearing and exchange fees	1,711	1,535	1,633
Information processing and communications	1,768	1,912	1,808
Marketing and business development	638	601	594
Professional services	1,894	1,922	1,793
Other	4,148	2,454	2,420
Total non-interest expenses	27,935	25,582	26,117
Income from continuing operations before income taxes	4,482	520	6,110
Provision for (benefit from) income taxes	826	(237)	1,414
Income from continuing operations	3,656	757	4,696
Discontinued operations:			
Gain (loss) from discontinued operations	(72)	(48)	(170)
Provision for (benefit from) income taxes	(29)	(7)	(119)
Net gain (loss) from discontinued operations	(43)	(41)	(51)
Net income	\$3,613	\$716	\$4,645
Net income applicable to redeemable noncontrolling interests	222	124	—
Net income applicable to nonredeemable noncontrolling interests	459	524	535
Net income applicable to Morgan Stanley	\$2,932	\$68	\$4,110
Preferred stock dividends	277	98	2,043
Earnings (loss) applicable to Morgan Stanley common shareholders	\$2,655	\$(30)	\$2,067
Amounts applicable to Morgan Stanley:			
Income from continuing operations	\$2,975	\$138	\$4,168
Net loss from discontinued operations	(43)	(70)	(58)
Net income applicable to Morgan Stanley	\$2,932	\$68	\$4,110
Earnings (loss) per basic common share:			
Income from continuing operations	\$1.42	\$0.02	\$1.28
Net loss from discontinued operations	(0.03)	(0.04)	(0.03)
Earnings (loss) per basic common share	\$1.39	\$(0.02)	\$1.25
Earnings (loss) per diluted common share:			
Income from continuing operations	\$1.38	\$0.02	\$1.27
Net loss from discontinued operations	(0.02)	(0.04)	(0.04)
Earnings (loss) per diluted common share	\$1.36	\$(0.02)	\$1.23
Dividends declared per common share	\$0.20	\$0.20	\$0.20
Average common shares outstanding:			
Basic	1,905,823,882	1,885,774,276	1,654,708,640
Diluted	1,956,519,738	1,918,811,270	1,675,271,669

Consolidated Statements of Comprehensive Income
(dollars in millions)

	2013	2012	2011
Net income.....	\$3,613	\$716	\$4,645
Other comprehensive income (loss), net of tax:			
Foreign currency translation adjustments ⁽¹⁾	\$(348)	\$(255)	\$35
Amortization of cash flow hedges ⁽²⁾	4	6	7
Change in net unrealized gains (losses) on securities available for sale ⁽³⁾	(433)	28	87
Pension, postretirement and other related adjustments ⁽⁴⁾	(5)	(260)	251
Total other comprehensive income (loss)	\$(782)	\$(481)	\$380
Comprehensive income	\$2,831	\$235	\$5,025
Net income applicable to redeemable noncontrolling interests	222	124	—
Net income applicable to nonredeemable noncontrolling interests	459	524	535
Other comprehensive income (loss) applicable to redeemable noncontrolling interests	—	(2)	—
Other comprehensive income (loss) applicable to nonredeemable noncontrolling interests	(205)	(120)	70
Comprehensive income (loss) applicable to Morgan Stanley	\$2,355	\$(291)	\$4,420

⁽¹⁾ Amounts are net of provision for income taxes of \$351 million, \$120 million and \$86 million for 2013, 2012 and 2011, respectively.

⁽²⁾ Amounts are net of provision for income taxes of \$3 million, \$3 million and \$6 million for 2013, 2012 and 2011, respectively.

⁽³⁾ Amounts are net of provision for (benefit from) income taxes of \$(296) million, \$16 million and \$63 million for 2013, 2012 and 2011, respectively.

⁽⁴⁾ Amounts are net of provision for (benefit from) income taxes of \$8 million, \$(156) million and \$153 million for 2013, 2012 and 2011, respectively.

SELECTED FINANCIAL INFORMATION OF MORGAN STANLEY

The remainder of this section contains selected financial information of Morgan Stanley relating to the years ended 31 December 2013 and 31 December 2012 and the quarter ended 31 March 2013 and 31 March 2014. The information set out below is derived from the audited financial statements included in Morgan Stanley's Annual Report on Form 10-K for the year ended 31 December 2013 and the unaudited financial statements included in Morgan Stanley's Report on form 10-Q for the quarters ended 31 March 2014 and 21 March 2013.

	At 31 Dec 2012	At 31 Dec 2013	At 31 March 2013	2014
<i>Balance Sheet (\$ in millions)</i>				
Total assets	780,960	832,702	801,383	831,381
Total liabilities, redeemable non-controlling interest and equity	780,960	832,702	801,383	831,381

	At 31 Dec 2012	At 31 Dec 2013	Three months ended 31 March 2013	2014
<i>Consolidated Income Statement (\$ in millions)</i>				
Net revenues	26,102	32,417	8,150	8,929
Income from continuing operations before income taxes	520	4,482	1,583	2,307
Net income	716	3,613	1,231	1,584

DESCRIPTION OF MORGAN STANLEY & CO. INTERNATIONAL PLC

1. INFORMATION ABOUT MORGAN STANLEY & CO. INTERNATIONAL PLC

History and Development of Morgan Stanley & Co. International plc

Legal name, place of registration and registration number, date of incorporation

MSI plc was incorporated in England and Wales with registered number 2068222 on 28 October 1986. MSI plc was incorporated as a company limited by shares under the Companies Act 1985 and operates under the Companies Act 2006. MSI plc was re-registered as a public limited company on 13 April 2007.

Registered office

MSI plc's registered office is at 25 Cabot Square, Canary Wharf, London E14 4QA and the telephone number of its registered office is +44 20 7425 8000.

Legal and commercial name

MSI plc's legal and commercial name is Morgan Stanley & Co. International plc.

Recent Events

No recent event particular to MSI plc has occurred which is to a material extent relevant to the evaluation of its solvency.

2. OVERVIEW OF THE ACTIVITIES

MSI plc forms part of a group of companies including MSI plc and all of its subsidiary and associated undertakings ("**MSI plc Group**"). The principal activity of the MSI plc Group is the provision of financial services to corporations, governments and financial institutions.

MSI plc operates globally with a particular focus in Europe. It operates branches in the Dubai International Financial Centre, France, Korea, the Netherlands, New Zealand, Poland, the Qatar Financial Centre and Switzerland.

The MSI plc Group provides capital raising; financial advisory services, including advice on mergers and acquisitions, restructurings, real estate and project finance; corporate lending; sales, trading, financing and market-making activities in equity and fixed income securities and related products, including foreign exchange and commodities; and investment activities.

3. ORGANISATIONAL STRUCTURE

MSI plc's ultimate U.K. parent undertaking is Morgan Stanley International Limited and MSI plc's ultimate parent undertaking and controlling entity is Morgan Stanley, which, together with MSI plc and Morgan Stanley's other consolidated subsidiaries, form the Morgan Stanley Group.

MSI plc is owned directly by Morgan Stanley Investments (UK) (100 per cent. holding).

The consolidated accounts set out in the section entitled "*Selected Financial Information of Morgan Stanley & Co. International plc*" herein are the MSI plc Group accounts and for the purposes of those accounts, MSI plc is the parent company of such Group.

There are substantial inter-relationships between MSI plc and Morgan Stanley as well as other companies in the Morgan Stanley Group, including the provision of funding, capital, services and logistical support to or by MSI plc, as well as common or shared business or operational platforms or systems, including employees. As a consequence of such inter-relationships, and of the participation of both MSI plc and other Morgan Stanley Group companies in the global financial services sector, factors which could affect the business and condition of Morgan Stanley or other companies in the Morgan Stanley Group may also affect the business and condition of MSI plc. Any such effect could be direct, for example, where economic or market factors directly affect the markets in which MSI plc and other companies in the Morgan Stanley Group operate, or indirect, for example where any factor affects the ability of other companies in the Morgan Stanley Group to provide services or funding or capital to MSI plc or, directly

or indirectly, to place business with MSI plc. Similarly, any development affecting the reputation or standing of Morgan Stanley or other companies in the Morgan Stanley Group may have an indirect effect on MSI plc. Such inter-relationships should therefore be taken into account in any assessment of MSI plc.

Please see "*Description of Morgan Stanley*" for information on the Morgan Stanley Group.

4. MANAGEMENT OF MORGAN STANLEY & CO. INTERNATIONAL PLC

Directors of MSI plc

Name	Principal outside activity
Colin Bryce	Director of Morgan Stanley International Limited, Morgan Stanley Securities Limited, Morgan Stanley Bank International Limited and Member of the Supervisory Board of Morgan Stanley Bank AG
David Cannon	Independent Director of Morgan Stanley International Limited and Morgan Stanley Bank International Limited
Colm Kelleher	Director of Morgan Stanley International Limited and OOO Morgan Stanley Bank. Chairman of Morgan Stanley & Co, LLC and Morgan Stanley Capital Services LLC
Franck Petitgas	Director of Morgan Stanley International Limited, Morgan Stanley & Co. Limited and OOO Morgan Stanley Bank and Member of the Supervisory Board of Morgan Stanley Bank AG
Mary Phibbs	Independent Director of Morgan Stanley International Limited, Morgan Stanley Bank International Limited, Nottingham Building Society, SAV Credit Limited, MNovae Group plc, Novae Syndicates Limited, Stewart Title Limited, and the Charity Bank Limited
Ian Plenderleith	Independent Chairman of Morgan Stanley International Limited and Morgan Stanley Bank International Limited. Independent Director of Sanlam UK Limited, BMCE Bank International plc and Chairman of BH Macro Limited
Robert Rooney	Director of Morgan Stanley International Limited, OOO Morgan Stanley Bank and Member of the Supervisory Board of Morgan Stanley Bank AG
David Russell	Director of Morgan Stanley International Limited, Morgan Stanley Securities Limited, OOO Morgan Stanley Bank, Strategic Investments I, Inc, Member of the Supervisory Board of Morgan Stanley Bank AG and Director of RMB Morgan Stanley (Proprietary) Limited
Sir John Gieve	Independent Director of Morgan Stanley International Limited, Morgan Stanley Bank International Limited, Vocalink Holdings Limited, Nesta Operating Company
Clare Woodman	Director of Morgan Stanley International Limited, Morgan Stanley Saudi Arabia, Morgan Stanley Smith Barney Holdings (UK) Limited, OOO Morgan Stanley Bank, Euroclear SA/NV, Euroclear plc and Association For Financial Markets In Europe

The business address of the directors is 25 Cabot Square, Canary Wharf, London E14 4QA.

There are no potential conflicts of interests between any duties to MSI plc of its directors and their private interests and/or other duties.

5. BOARD PRACTICES

Morgan Stanley International Limited ("MSI") established an audit committee (the "**Audit Committee**") in September 2003. The current remit of the Audit Committee is to assist the Board of MSI in monitoring: (i) the integrity of the financial statements of MSI, its FCA regulated subsidiaries, namely: Morgan Stanley Bank International Limited, Morgan Stanley & Co. International plc, Morgan Stanley Securities Limited, Morgan Stanley & Co. Limited and Morgan Stanley Investment Management Limited ("**Regulated Subsidiaries**"), and Morgan Stanley B.V. (together with the Regulated Subsidiaries, its "**Subsidiaries**") (ii) the systems of internal controls, (iii) compliance with legal and regulatory requirements, (iv) the qualifications and independence of external auditors for MSI and its Subsidiaries, (v) the performance of Morgan Stanley's internal and external auditors, and (vi) the efficacy of Morgan Stanley's policies and structures for conflict management in Europe.

The Audit Committee reports to the Board of MSI on a quarterly basis. The Audit Committee comprises David Cannon, Mary Phibbs, Sir John Gieve, Ian Plenderleith, Sue Watts and Clare Woodman. David Cannon, Sir John Gieve, Mary Phibbs and Ian Plenderleith are not officers or employees of Morgan Stanley Group and are independent members of the Audit Committee. The Audit Committee members are appointed by the Board of Directors of MSI.

MSI plc complies with the corporate governance requirements as required by the corporate laws of the United Kingdom.

6. MAJOR SHAREHOLDERS

Major Shareholders

MSI plc's share capital is owned as follows:

Share Class	Shareholder	Shares Held (% of Class)
GBP Ordinary Shares	Morgan Stanley Investments (UK)	17,615,107 (100%)
USD Ordinary Shares	Morgan Stanley Investments (UK)	9,934,105,148 (100%)
USD Class A Non-Voting Ordinary Shares	Morgan Stanley Investments (UK)	1,500,000,000 (100%)

7. LEGAL PROCEEDINGS

Litigation matters

In addition to the matters described below, in the normal course of business, the MSI plc Group has been named, from time to time, as a defendant in various legal actions, including arbitrations, class actions and other litigation, arising in connection with its activities as a global diversified financial services institution. Certain of the actual or threatened legal actions include claims for substantial compensatory and/or punitive damages or claims for indeterminate amounts of damages. In some cases, the entities that would otherwise be the primary defendants in such cases are bankrupt or are in financial distress.

The MSI plc Group is also involved, from time to time, in other reviews, investigations and proceedings (both formal and informal) by governmental and regulatory bodies regarding the MSI plc Group's business, and involving, among other matters, sales and trading activities, financial products or offerings sponsored, underwritten or sold by the MSI plc Group, and accounting and operational matters, certain of which may result in adverse judgments, settlements, fines, penalties, injunctions or other relief.

The MSI plc Group contests liability and/or the amount of damages as appropriate in each pending matter. Where available information indicates that it is probable a liability had been incurred at the date of

the financial statements and the MSI plc Group can reasonably estimate the amount of that loss, the MSI plc Group accrues the estimated loss by a charge to the profit and loss account. The MSI plc Group expects future litigation accruals in general to continue to be elevated and the changes in accruals from period to period may fluctuate significantly, given the current environment regarding government investigations and private litigation affecting global financial services firms, including the MSI plc Group.

For certain legal proceedings, the MSI plc Group cannot predict with certainty if, how or when such proceedings or investigations will be resolved or what the eventual settlement, fine, penalty or other relief, if any, may be, particularly for proceedings and investigations where the factual record is being developed or contested or where plaintiffs or government entities seek substantial or indeterminate damages, restitution, disgorgement or penalties. Numerous issues may need to be resolved, including through potentially lengthy discovery and determination of important factual matters, determination of issues related to class certification and the calculation of damages or other relief, and by addressing novel or unsettled legal questions relevant to the proceedings or investigations in question, before a loss or additional loss or range of loss or additional loss can be reasonably estimated for a proceeding or investigation.

For certain other legal proceedings, the MSI plc Group can estimate reasonably possible losses, additional losses, ranges of loss or ranges of additional loss in excess of amounts accrued, but does not believe, based on current knowledge and after consultation with counsel, that such losses will have a material adverse effect on the MSI plc Group's consolidated financial statements as a whole, although the outcome of such proceedings could be material to the MSI plc Group's operating results and cash flows for a particular period depending on, among other things, the level of the MSI plc Group's revenues or income for such period.

Over the last several years, the level of litigation and investigatory activity (both formal and informal) by government and regulatory bodies has increased materially in the financial services industry. As a result, the MSI plc Group expects that it may become the subject of increased claims for damages and other relief and, while the MSI plc Group has identified below certain proceedings that the MSI plc Group believes to be material, individually or collectively, there can be no assurance that additional material losses will not be incurred from claims that have not yet been asserted or are not yet determined to be material.

On 25 August 2008, the Morgan Stanley Group, the MSI plc Group and two ratings agencies were named as defendants in a purported class action related to securities issued by a structured investment vehicle ("**SIV**") called Cheyne Finance plc and Cheyne Finance LLC (together, the "**Cheyne SIV**"). The case is styled *Abu Dhabi Commercial Bank, et al. v. Morgan Stanley & Co. Inc., et al.* and is pending in the United States District Court for the Southern District of New York ("**SDNY**"). The complaint alleges, among other things, that the ratings assigned to the securities issued by the Cheyne SIV were false and misleading, including because the ratings did not accurately reflect the risks associated with the subprime residential mortgage backed securities held by the Cheyne SIV. The plaintiffs currently assert allegations of aiding and abetting fraud and negligent misrepresentation relating to approximately \$852 million of securities issued by the Cheyne SIV. The plaintiffs' motion for class certification was denied in June 2010. The court denied the Morgan Stanley Group's and the MSI plc Group's motion for summary judgment on the aiding and abetting fraud claim in August 2012. On 30 November 2012, the Morgan Stanley Group and the MSI plc Group filed a motion for summary judgment on the negligent misrepresentation claim.

On 24 April 2013, the Morgan Stanley Group and the MSI plc Group reached an agreement to settle this matter. On 26 April 2013, the court dismissed the action with prejudice. The settlement does not cover certain claims that were previously dismissed. On 23 May 2013, certain parties in *Abu Dhabi Commercial Bank, et al. v. Morgan Stanley & Co. Inc., et al.* filed a notice of appeal as to certain claims dismissed from the matter prior to the settlement by the remaining parties.

On 15 July 2010, China Development Industrial Bank ("**CDIB**") filed a complaint against the MSI plc Group and another Morgan Stanley Group undertaking, which is styled *China Development Industrial Bank v. Morgan Stanley & Co. Incorporated* and is pending in the Supreme Court of the State of New York, New York County. The complaint relates to a \$275 million credit default swap referencing the super senior portion of the STACK 2006-1 CDO. The complaint asserts claims for common law fraud, fraudulent inducement and fraudulent concealment and alleges that the MSI plc Group misrepresented the

risks of the STACK 2006-1 CDO to CDIB, and that the MSI plc Group knew that the assets backing the CDO were of poor quality when it entered into the credit default swap with CDIB. The complaint seeks compensatory damages related to the approximately \$228 million that CDIB alleges it has already lost under the credit default swap, rescission of CDIB's obligation to pay an additional \$12 million, punitive damages, equitable relief, fees and costs. On 10 March 2011, the MSI plc Group and another Morgan Stanley Group undertaking filed its answer to the complaint.

On 25 October 2010, the MSI plc Group, other Morgan Stanley Group undertakings and Pinnacle Performance Limited, a special purpose vehicle ("SPV"), were named as defendants in a purported class action related to securities issued by the SPV in Singapore, commonly referred to as Pinnacle Notes. The case is styled *Ge Dandong, et al. v. Pinnacle Performance Ltd., et al.* and is pending in the Southern District of New York ("SDNY"). An amended complaint was filed on 22 October 2012. The court denied defendants' motion to dismiss the amended complaint on 22 August 2013 and granted class certification on 17 October 2013. On 30 October 2013, defendants filed a petition for permission to appeal the court's decision granting class certification. On 31 January 2014, plaintiffs filed a second amended complaint. The second amended complaint alleges that the defendants engaged in a fraudulent scheme to defraud investors by structuring the Pinnacle Notes to fail and benefited subsequently from the securities' failure. In addition, the second amended complaint alleges that the securities' offering materials contained material misstatements or omissions regarding the securities' underlying assets and the alleged conflicts of interest between the defendants and the investors. The second amended complaint asserts common law claims of fraud, aiding and abetting fraud, fraudulent inducement, aiding and abetting fraudulent inducement, and breach of the implied covenant of good faith and fair dealing. Plaintiffs seek damages of approximately \$138.7 million, rescission, punitive damages, and interest.

On 1 July 2013, the European Commission ("EC") issued a Statement of Objections ("SO") addressed to twelve financial firms (including the MSI plc Group), the International Swaps and Derivatives Association, Inc. ("ISDA") and Markit Group Limited ("Markit") and various other Morgan Stanley Group undertakings alleging that, between 2006 and 2009, the recipients breached EU competition law by taking and refusing to take certain actions in an effort to prevent the development of exchange traded CDS products. The SO indicates that the EC plans to impose remedial measures and fines on the recipients. The MSI plc Group, other Morgan Stanley Group undertakings and the other recipients filed a response to the SO on 21 January 2014. A Morgan Stanley Group undertaking and others have also responded to an investigation by the Antitrust Division of the United States Department of Justice related to the CDS market.

Save as disclosed above under the paragraph entitled "*Litigation matters*", there are no governmental, legal or arbitration proceedings involving MSI plc (including any such proceedings which are pending or threatened of which MSI plc is aware) which may have or have had during the 12-month period before the date of this Registration Document which may have, or have had in the recent past, a significant effect on the financial position or profitability of the MSI plc Group.

8. **ADDITIONAL INFORMATION**

Auditors

MSI plc's report and accounts for the financial years ended 31 December 2013 and 31 December 2012 have been audited by Deloitte LLP of 2 New Street Square, London EC4A 3BZ who are a firm of registered auditors and a member firm of the Institute of Chartered Accountants in England and Wales for institute by-laws purposes.

Trend Information

There has been no material adverse change in the prospects of MSI plc since 31 December 2013.

Significant Change

There has been no significant change in the financial or trading position of the MSI plc Group since 31 December 2013 (the date of the latest consolidated report and accounts of MSI plc).

Capital Structure

As of 31 December 2013 MSI plc had the following issued and fully paid up share capital:

- (i) £17,615,107 divided into 17,615,107 ordinary shares of £1 par value each (the "**GBP Ordinary Shares**"). Each GBP Ordinary Share is entitled to one vote within its class. The GBP Ordinary Shares as a class are entitled to 0.1777 per cent. of the votes at shareholder meetings.
- (ii) U.S.\$9,934,105,148 divided into 9,934,105,148 ordinary shares of U.S.\$1 par value each (the "**USD Ordinary Shares**"). Each USD Ordinary Share is entitled to one vote within its class. The USD Ordinary Shares as a class are entitled to 99.823 per cent. of the votes at shareholder meetings.
- (iii) U.S. \$1,500,000,000 divided into 1,500,000,000 class A ordinary shares of U.S.\$1 par value each (the "**USD Class A Non-Voting Ordinary Shares**"). The holders of the USD Class A Non-Voting Ordinary Shares are not entitled to vote at Shareholders meetings of MSI plc.

Articles of Association

Pursuant to the Companies Act 2006, MSI plc's objects are now unrestricted. The articles of association were last amended on 5 December 2013.

SELECTED FINANCIAL INFORMATION OF MORGAN STANLEY & CO. INTERNATIONAL PLC

The following table sets out the selected financial information of MSI plc in accordance with applicable law and International Financial Reporting Standards ("**IFRS**"), as adopted by the European Union. Such information is derived from the audited reports and accounts of MSI plc as at 31 December 2013.

The financial information presented below should be read in conjunction with such reports and accounts and the notes thereto.

	<u>31 Dec 2012</u>	<u>31 Dec 2013</u>
	<i>(in \$ millions)</i>	
Consolidated Statement of Financial Position		
<i>Total Assets</i>	552,841	519,566
<i>Total Liabilities and Equity</i>	552,841	519,566
Consolidated Income Statement		
<i>Net Gains On Financial Instruments Classified as Held For Trading</i>	3,571	4,082
<i>Profit before tax</i>	242	173
<i>Profit for the year/period</i>	9	37

DESCRIPTION OF MORGAN STANLEY B.V.

1. INFORMATION ABOUT MORGAN STANLEY B.V.

History and Development

Morgan Stanley B.V. was incorporated as a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) under the laws of The Netherlands on 6 September 2001 for an unlimited duration. MSBV is registered at the commercial register of the Chamber of Commerce (*Kamer van Koophandel*) for Amsterdam under number 34161590. It has its corporate seat at Amsterdam, The Netherlands.

Registered office

MSBV's registered office is at Luna Arena, Herikerbergweg 238, 1101 CM, Amsterdam Zuidoost, The Netherlands. Its telephone number is +31 20 57 55 600.

Legal and commercial name

MSBV's legal and commercial name is Morgan Stanley B.V.

Legislation

MSBV is incorporated under, and subject to, the laws of The Netherlands.

2. OVERVIEW OF ACTIVITIES

Principal Activities

MSBV's principal activity is the issuance of financial instruments and the hedging of obligations arising pursuant to such issuances.

Principal Markets

MSBV conducts its business from The Netherlands. All material assets of MSBV are obligations of (or securities issued by) one or more companies in the Morgan Stanley Group. MSBV does not undertake such business on a competitive basis, however as a member of the Morgan Stanley Group it is indirectly affected by some of the competitive pressures that apply to Morgan Stanley. See "*Description of Morgan Stanley*" above for further details.

3. ORGANIZATIONAL STRUCTURE

MSBV has no subsidiaries. It is ultimately controlled by Morgan Stanley.

4. MANAGEMENT OF MSBV

The current directors of MSBV, their offices, if any, within MSBV, and their principal outside activity, if any, are listed below. The business address of each director is Luna Arena, Herikerbergweg 238, 1101 CM Amsterdam Zuidoost, The Netherlands.

Name	Title	Principal Outside Activity
Z. Wu	Director	Executive Director, Morgan Stanley, Director, Archimedes Investment VA, Director, Morgan Stanley Global Fund Derivatives Hedge Holdings Luxembourg S.A.
H. Herrmann	Director	Executive Director, Morgan Stanley, Director, Fundlogic (Jersey) Limited, Director, Morgan Stanley Islamic Finance Limited, Director, Morgan Stanley (Jersey) Limited
P.J.G de Reus	Director	Employee of TMF Netherlands B.V.

Name	Title	Principal Outside Activity
R.H.L. de Groot	Director	Employee of TMF Netherlands B.V.
TMF Management B.V.	Director	Dutch corporate service provider

Directors of TMF Management B.V.

H. Ph. De Kanter	Director	Employee of TMF Netherlands B.V.
J.C.W. van Burg	Director	Employee of TMF Netherlands B.V.
F.W.J.J. Welman	Director	Employee of TMF Netherlands B.V.

There are no potential conflicts of interests between any duties to MSBV of its directors and their private interests and/or other duties.

5. BOARD PRACTICE

MSBV considers itself to be in compliance with all Dutch laws relating to corporate governance that are applicable to it.

MSBV qualifies as an organisation of public interest pursuant to Dutch and E.U. law. Morgan Stanley International Limited, a shareholder in MSBV, has an audit committee that complies with the applicable corporate governance rules and also functions as the audit committee of MSBV; accordingly, MSBV has therefore taken the exemption for groups and has not established an audit committee.

6. MAJOR SHAREHOLDERS

Archimedes Investments Cooperatieve U.A. (a Morgan Stanley Group company) holds the majority of shares in MSBV. Morgan Stanley International Holdings Inc. and Morgan Stanley International Limited each hold one share in MSBV. MSBV is ultimately controlled by Morgan Stanley. MSBV is not aware of any control measures with respect to such shareholder control. All decisions to issue securities are taken by the Board of MSBV and MSBV earns a spread on all its issues of securities.

7. LEGAL PROCEEDINGS

There are no governmental, legal or arbitration proceedings involving MSBV (including any such proceedings which are pending or threatened of which MSBV is aware) during the 12-month period before the date of this Registration Document which may have, or have had in the recent past, a significant effect on the financial position or profitability of MSBV.

8. ADDITIONAL INFORMATION

Auditors

Deloitte Accountants B.V., independent auditors and certified public accountants of Orlyplein 10, 1043 DP Amsterdam, P.O. Box 58110, 1040 HC Amsterdam, The Netherlands, a member of the Netherlands Institute of Chartered Accountants (*Nederlandse Beroepsorganisatie van Accountants*), have audited the financial statements of MSBV for the years ended 31 December 2012 and 31 December 2013 and unqualified opinions have been reported thereon.

This document does not contain any other information that has been audited by Deloitte Accountants B.V.

Trend Information

MSBV intends to continue issuing securities and entering into hedges in respect of such issues of securities. There has been no material adverse change in the prospects of MSBV since 31 December 2013.

Significant Change

There has been no significant change in the financial or trading position of MSBV since 31 December 2013.

Share Capital

The share capital of MSBV is divided into ordinary shares of nominal value EUR 100.

The issued, allotted and fully paid up share capital of MSBV comprises 150,180 ordinary shares of nominal value EUR 100.

Articles of Association

MSBV's objects and purposes are set out in Article 3 of its Articles of Association and enable it to issue, sell, purchase, transfer and accept warrants, derivatives, certificates, debt securities, equity securities and/or similar securities or instruments and to enter into hedging arrangements in connection with such securities and instruments. Furthermore its objects are to finance businesses and companies, to borrow, to lend and to raise funds as well as to enter into agreements in connection with the aforementioned, to render guarantees, to bind the company and to pledge its assets for obligations of the companies and enterprises with which it forms a group and on behalf of third parties and to trade in currencies, securities and items of property in general. As well as everything pertaining to the foregoing, relating thereto or conducive thereto all in the widest sense of the word.

The articles of association were last amended on 9 December 2013.

9. FINANCIAL INFORMATION

Selected Financial Information

The profit after tax for the years ended 31 December 2013 and 31 December 2012 was EUR 4,576,000 and EUR 3,679,000 respectively. The profit before tax for the financial years ended 31 December 2013 and 31 December 2012 was EUR 6,094,000 and EUR 4,875,000 respectively.

The total assets of MSBV increased from EUR 6,519,685,000 at 31 December 2012 to EUR 8,170,610,000 at 31 December 2013 with total liabilities increasing from EUR 6,499,184,000 at 31 December 2012 to EUR 8,145,533,000 at 31 December 2013.

The financial information in respect of MSBV has been prepared in accordance with IFRS as adopted by the European Union for the years ended 31 December 2012 and 31 December 2013.

ANNEX I

SUBSIDIARIES OF MORGAN STANLEY AS AT 31 DECEMBER 2013

Name	Country Name	Region / State
Morgan Stanley	United States	DE
Bayfine DE Inc.	United States	DE
Bayfine UK3	United Kingdom	ENW
Bayfine DE LLC	United States	DE
Belmondo LLC	United States	DE
Cauca LLC	United States	DE
Cournot Holdings Inc.	United States	DE
Dean Witter Capital Corporation	United States	DE
Dean Witter Realty Inc.	United States	DE
Dean Witter Holding Corporation	United States	DE
Civic Center Leasing Corporation	United States	DE
Dean Witter Leasing Corporation	United States	DE
Realty Management Services Inc.	United States	DE
Dean Witter Reynolds Venture Equities Inc.	United States	DE
Early Adopter Fund Manager Inc.	United States	DE
Fuegos LLC	United States	DE
Fundlogic (Jersey) Limited	Jersey	n/a
FV-I, Inc.	United States	DE
Bellevue Towers Condominiums, LLC	United States	DE
Japan Core Funding, Inc.	United States	DE
Jolter Investments Inc.	United States	DE
Morgan Stanley (Jersey) Limited	Jersey	n/a
Morgan Stanley ABS Capital I Inc.	United States	DE
Morgan Stanley Altabridge Ltd.	Cayman Islands	n/a
Morgan Stanley Amanu LLC	United States	DE
Morgan Stanley Tindur LLC	United States	DE
Morgan Stanley Snowdon Inc.	United States	DE
Morgan Stanley Asset Funding Inc.	United States	DE
Morgan Stanley Atlas, Inc.	United States	DE
Morgan Stanley Biscay LLC	United States	DE
Morgan Stanley Alpha Investments LLP	United Kingdom	ENW
Morgan Stanley Epsilon Investments Limited	United Kingdom	ENW
Morgan Stanley Plymouth Limited	Cayman Islands	n/a
Morgan Stanley Viking LLC	United States	DE
Morgan Stanley Fastnet LLC	United States	DE
Morgan Stanley Humber LLC	United States	DE
Fitzroy Partnership	United States	DE
Rockall Partnership	United States	DE
Morgan Stanley Kite LLC	United States	DE
Morgan Stanley Plover Limited	United Kingdom	ENW
Morgan Stanley Capital Group Inc.	United States	DE
Aegir Services International Ltd.	Bermuda	n/a
Biodiesel Blending Inc.	United States	DE
Cayman Energy Ltd.	Cayman Islands	n/a
Ghent Energy Limited	Cayman Islands	n/a
Granite Wash LLC	United States	DE
Heidmar Group Inc.	United States	DE
Houston Bayport Energy LLC	United States	DE
Morgan Stanley Bay Shore LLC	United States	DE
Morgan Stanley Capital Group (Espana), S.L.U.	Spain	n/a
Morgan Stanley Capital Group Czech Republic s.r.o.	Czech Republic	n/a
Morgan Stanley Capital Group Energy Europe Limited	United Kingdom	ENW
Morgan Stanley Clean Development, LLC	United States	DE
Morgan Stanley Renewables Development I (Cayman) Limited	Cayman Islands	n/a
Morgan Stanley Commodities Investment Limited	Cayman Islands	n/a
Morgan Stanley Energy Development Corp.	United States	DE
Morgan Stanley Capital Group Cyprus Limited (In member's voluntary liquidation)	Cyprus	n/a
SEM Royalties LLC	United States	DE
Wellbore Capital, LLC	United States	DE
MS Permian LLC	United States	DE
MS TELA LLC	United States	DE
MS TGX LLC	United States	DE
MSDW Power Development Corp.	United States	DE
Minnewit B.V.	Netherlands	n/a
MS Solar Canada Holdings Inc.	United States	DE
MS Solar Holdings Canada ULC	Canada	AB
MS Solar Solutions Canada ULC	Canada	AB

Name	Country Name	Region / State
MS Solar Investments LLC	United States	DE
MS Solar Holdings Inc.	United States	DE
MS Solar Solutions Corp.	United States	DE
Naniwa Energy LLC	United States	DE
Naniwa Terminal LLC	United States	DE
Van Twiller B.V.	Netherlands	n/a
Navires Fuels Limited	United Kingdom	ENW
Navires Fuels SAS	France	n/a
Pioneer Energy Holdings Pty Ltd	Australia	NSW
Pioneer Energy Pty Ltd	Australia	NSW
Power Contract Financing II, Inc.	United States	DE
Power Contract Financing II, L.L.C.	United States	DE
South Eastern Electric Development Corporation	United States	DE
South Eastern Generating Corporation	United States	DE
Sparta Energy Limited	Cayman Islands	n/a
TransMontaigne Inc.	United States	DE
TransMontaigne Canada Holdings Inc.	Canada	QC
Canterm Canadian Terminals Inc.	Canada	QC
TMG Canadian Holdings L.L.C.	United States	DE
Olco Petroleum Group ULC (OLCO)	Canada	AB
TransMontaigne Marketing Canada Inc.	Canada	QC
TransMontaigne Product Services Inc.	United States	DE
Concept Petroleum, Inc.	United States	FL
TransMontaigne Services Inc.	United States	DE
TransMontaigne GP L.L.C.	United States	DE
TransMontaigne Partners L.P.	United States	DE
TLP Finance Corp.	United States	DE
TransMontaigne Operating Company, L.P.	United States	DE
Razorback L.L.C.	United States	DE
TLP Operating Finance Corp.	United States	DE
TPME L.L.C.	United States	DE
TPSI Terminals L.L.C.	United States	DE
TransMontaigne Terminals L.L.C.	United States	DE
TransMontaigne Operating GP L.L.C.	United States	DE
Utility Contract Funding II, LLC	United States	DE
Wentworth Compression LLC	United States	DE
Wentworth Gas Marketing LLC	United States	DE
Morgan Stanley Capital I Inc.	United States	DE
Morgan Stanley Capital Management, LLC	United States	DE
Morgan Stanley Domestic Holdings, Inc.	United States	DE
Morgan Stanley & Co. LLC	United States	DE
Corporate Services Support Corp.	United States	DE
Hilo Investment Fund	Cayman Islands	n/a
Morgan Stanley Flexible Agreements Inc.	United States	DE
PI Co-Invest LLC	United States	DE
Prime Dealer Services Corp.	United States	DE
V2 Holdings (USA), Inc.	United States	DE
Gee Street Records, Inc.	United States	DE
V2 Records, Inc.	United States	DE
Morgan Stanley Capital Services LLC	United States	DE
Morgan Stanley Commercial Financial Services, Inc.	United States	DE
Morgan Stanley Delta Holdings LLC	United States	NY
Morgan Stanley Bank, N.A.	United States	FED
Morgan Stanley Private Bank, National Association	United States	FED
Morgan Stanley JV Holdings LLC	United States	DE
Morgan Stanley NLE, LLC	United States	DE
Morgan Stanley Smith Barney Holdings LLC	United States	DE
Alternative Investments Mgr, Ltd.	Cayman Islands	n/a
Ceres Managed Futures LLC	United States	DE
CTA Capital LLC	United States	DE
Consulting Group Advisory Services LLC	United States	DE
LM Falcon Investment Strategies LLC	United States	DE
Peregrine Investments, LLC	United States	MD
Morgan Stanley Cayman Financing Services	Cayman Islands	n/a
Morgan Stanley GWM Feeder Strategies LLC	United States	DE
Morgan Stanley HedgePremier GP LLC	United States	DE
Morgan Stanley Smith Barney FA Notes Holdings LLC	United States	DE
Morgan Stanley Smith Barney Financing LLC	United States	DE
Morgan Stanley Smith Barney Holdings (UK) Limited	United Kingdom	ENW
Morgan Stanley Private Wealth Management Limited	United Kingdom	ENW
Morgan Stanley Smith Barney LLC	United States	DE
Morgan Stanley Insurance Services Inc.	United States	DE
Morgan Stanley Smith Barney Insurance Services LLC	United States	DE

Name	Country Name	Region / State
SBHU Life Agency, Inc.	United States	DE
Morgan Stanley Smith Barney Private Management II LLC	United States	DE
Morgan Stanley Smith Barney Private Management LLC	United States	DE
Morgan Stanley Smith Barney Venture Services LLC	United States	DE
Morgan Stanley Swiss Holdings GmbH	Switzerland	n/a
Bank Morgan Stanley AG	Switzerland	n/a
Morgan Stanley Wealth Management Australia Pty Ltd	Australia	WA
Bow Lane Nominees Pty. Ltd.	Australia	VIC
Bowyang Nominees Pty Ltd	Australia	NSW
MS Financing Inc.	United States	DE
GHY Capital II B.V.	Netherlands	n/a
Morgan Stanley 1585 Broadway LLC	United States	DE
Morgan Stanley 750 Building Corp.	United States	DE
Broadway 522 Fifth JV LLC	United States	DE
GHY Capital B.V.	Netherlands	n/a
MS Beta Holdings LLC	United States	DE
MS Harrison LLC	United States	DE
Pettingell LLC	United States	DE
Morgan Stanley Capital Partners III, Inc.	United States	DE
MSCP III, LLC	United States	DE
Morgan Stanley Capital REIT Inc.	United States	DE
Saxon Advance Receivables Company, Inc.	United States	DE
Morgan Stanley Capital REIT IV Inc.	United States	DE
Morgan Stanley Capital Trust III	United States	DE
Morgan Stanley Capital Trust IV	United States	DE
Morgan Stanley Capital Trust V	United States	DE
Morgan Stanley Capital Trust VI	United States	DE
Morgan Stanley Capital Trust VII	United States	DE
Morgan Stanley Capital Trust VIII	United States	DE
Morgan Stanley Community Investments LLC	United States	DE
Morgan Stanley Content Corporation	United States	DE
Morgan Stanley Credit Products Ltd.	Cayman Islands	n/a
Morgan Stanley Darica Funding, LLC	United States	DE
Ascension Loan Vehicle, LLC	United States	DE
Morgan Stanley Dean Witter Equity Funding, Inc.	United States	DE
Morgan Stanley Dean Witter International Incorporated	United States	DE
Morgan Stanley (DWRBS) Limited	United Kingdom	ENW
Morgan Stanley Derivative Products Inc.	United States	DE
Morgan Stanley Durango LLC	United States	DE
Morgan Stanley Afdera Cayman Limited	Cayman Islands	n/a
Morgan Stanley Ambasel LLC	United States	DE
Morgan Stanley Semaine S.a r.l.	Luxembourg	n/a
Morgan Stanley Amba Alagi LLC	United States	DE
Morgan Stanley Elan LLC	United States	DE
Cimarron Investments LLC	United States	DE
Riva Investments LLC	United States	DE
Morgan Stanley Emerging Markets Inc.	United States	DE
Inter Capital Alliance Asset Management Co., Ltd.	Thailand	n/a
Inter Capital Alliance Holding Limited	Thailand	n/a
MS China 1 Limited	Cayman Islands	n/a
MS China 3 Limited	Cayman Islands	n/a
MS China 5 Limited	Cayman Islands	n/a
MSPI Hong Kong 1 Limited	Hong Kong	n/a
Philippine Asset Investment (SPV-AMC), Inc.	Philippines	n/a
Morgan Stanley Equity Services Inc.	United States	DE
Morgan Stanley Europa LLC	United States	DE
Morgan Stanley Elara Cayman Ltd.	Cayman Islands	n/a
Morgan Stanley Eurydome Cayman Limited	Cayman Islands	n/a
Morgan Stanley Callisto Cayman Ltd.	Cayman Islands	n/a
Morgan Stanley Luxembourg Holdings S.a r.l.	Luxembourg	n/a
Morgan Stanley Europe Reinsurance S.A.	Luxembourg	n/a
Morgan Stanley Global Reinsurance S.A.	Luxembourg	n/a
Morgan Stanley Metis (Gibraltar) Limited	Gibraltar	n/a
Morgan Stanley Ganymede Luxembourg S.a r.l.	Luxembourg	n/a
Morgan Stanley Ananke Luxembourg S.a r.l.	Luxembourg	n/a
Morgan Stanley Carme Luxembourg S.a r.l.	Luxembourg	n/a
Morgan Stanley Eukelade Luxembourg S.a r.l.	Luxembourg	n/a
Morgan Stanley Luxembourg International Reinsurance S.A.	Luxembourg	n/a
Morgan Stanley Chaldene S.a r.l.	Luxembourg	n/a
Morgan Stanley Luxembourg Reinsurance S.A.	Luxembourg	n/a
MS GT Investments Limited	United Kingdom	n/a
MS SK Investments Limited	United Kingdom	n/a
Morgan Stanley Himalia Cayman Limited	Cayman Islands	n/a

Name	Country Name	Region / State
Morgan Stanley Sinope Cayman Limited	Cayman Islands	n/a
Morgan Stanley Adrastea Netherlands B.V.	Netherlands	n/a
Morgan Stanley IO Cayman Limited	Cayman Islands	n/a
Morgan Stanley Iocaste Cayman Limited	Cayman Islands	n/a
Morgan Stanley Pasiphae Netherlands B.V.	Netherlands	n/a
Morgan Stanley Leda Cayman Ltd.	Cayman Islands	n/a
Morgan Stanley Financial Products Inc.	United States	DE
Morgan Stanley Fixed Income Ventures Inc.	United States	DE
Morgan Stanley Principal Investments, Inc.	United States	DE
MHC Co-Invest Genpar	Cayman Islands	n/a
MHC Co-Invest, LP	Cayman Islands	n/a
Morgan Stanley Principal Investments Europe LLC	United States	DE
Morgan Stanley Principal Investments Netherlands BV	Netherlands	n/a
MS China 11 Limited	Cayman Islands	n/a
MS China 8 Limited	Cayman Islands	n/a
MS China 4 Limited	Cayman Islands	n/a
MSPI Mauritius 1 Limited	Mauritius	n/a
Project Stone Holdings, LLC	United States	DE
Viatel Investor HoldCo LLC	United States	DE
Morgan Stanley Strategic Investments, Inc.	United States	DE
Eaux Vives Water Inc.	Canada	n/a
Morgan Stanley Swiss Strategic Investments GmbH	Switzerland	n/a
Morgan Stanley Fund Services Inc.	United States	DE
Morgan Stanley Fund Services (Bermuda) Ltd.	Bermuda	n/a
Morgan Stanley Fund Services (Cayman) Ltd.	Cayman Islands	n/a
Morgan Stanley Fund Services (Hong Kong) Limited	Hong Kong	n/a
Morgan Stanley Fund Services (Ireland) Limited	Ireland	n/a
Morgan Stanley Fund Services (UK) Limited	United Kingdom	ENW
Morgan Stanley Fund Services USA LLC	United States	DE
Morgan Stanley Global Emerging Markets, Inc.	United States	DE
MSGEM, LLC	United States	DE
Morgan Stanley Global Funding Trust	United States	DE
Morgan Stanley Hedging Co. Ltd.	Cayman Islands	n/a
Cogeneracion Prat S.A.	Spain	n/a
Psylon Holding Limited	Cyprus	n/a
Morgan Stanley International Holdings Inc.	United States	DE
Archimedes Investments Cooperatieve U.A.	Netherlands	n/a
Morgan Stanley B.V.	Netherlands	n/a
European Principal Assets Limited	United Kingdom	ENW
Fosbury Investments Cooperatieve U.A.	Netherlands	n/a
Limited Liability Company Morgan Stanley Ukraine	Ukraine	n/a
Morgan Stanley (Israel) Limited	Israel	n/a
Morgan Stanley (Thailand) Limited	Thailand	n/a
Morgan Stanley AB	Sweden	n/a
Morgan Stanley Advantage Services Pvt. Ltd.	India	n/a
Morgan Stanley Asia Holdings I Limited	Cayman Islands	n/a
Morgan Stanley Asia Holdings Limited	Cayman Islands	n/a
Morgan Stanley (Hong Kong) Holdings Limited	Hong Kong	n/a
Morgan Stanley Asia Regional (Holdings) IV Limited	Cayman Islands	n/a
Morgan Stanley Hong Kong 1238 Limited	Hong Kong	n/a
Morgan Stanley Hong Kong Limited	Hong Kong	n/a
Morgan Stanley Asia Securities Products LLC	Cayman Islands	n/a
Morgan Stanley Asia (Taiwan) Ltd.	Taiwan	n/a
Morgan Stanley Asia Limited	Hong Kong	n/a
Morgan Stanley Asia Products Limited	Cayman Islands	n/a
Morgan Stanley Hong Kong Securities Limited	Hong Kong	n/a
Morgan Stanley Swallow Limited	United Kingdom	ENW
Hampshire Trading B.V.	Netherlands	n/a
Lancashire Trading B.V.	Netherlands	n/a
Wiltshire Trading B.V.	Netherlands	n/a
Morgan Stanley Funding Limited	Jersey	n/a
Yorkshire Trading B.V.	Netherlands	n/a
Volmar Holdings Limited	Cyprus	n/a
Morgan Stanley Hong Kong 1239 Limited	Hong Kong	n/a
Limited Liability Company Rinocenter	Russian Federation	n/a
Morgan Stanley Information Technology (Shanghai) Limited	China	n/a
Morgan Stanley Services Pty Limited	Australia	VIC
Morgan Stanley (Australia) Real Estate Holdings Pty Limited	Australia	VIC
Morgan Stanley International Real Estate Pty Limited	Australia	VIC
Morgan Stanley Asia Regional (Holdings) III LLC	Cayman Islands	n/a
Morgan Stanley (Singapore) Holdings Pte. Ltd.	Singapore	n/a
Morgan Stanley Asia (Singapore) Pte.	Singapore	n/a
Morgan Stanley Asia (Singapore) Securities Pte Ltd	Singapore	n/a

Name	Country Name	Region / State
Morgan Stanley Capital Group (Singapore) Pte.	Singapore	n/a
Morgan Stanley Investment Management Company	Singapore	n/a
Morgan Stanley Labuan Investment Bank Limited	Malaysia	n/a
Morgan Stanley Singapore Pte. Ltd.	Singapore	n/a
Morgan Stanley Dean Witter Japan Group, Ltd.	Cayman Islands	n/a
Morgan Stanley Investment Holdings Jersey Limited	Jersey	n/a
Norfolk Trading B.V.	Netherlands	n/a
MSDW-JL Holdings II Limited	Cayman Islands	n/a
MS Remora Ltd.	Cayman Islands	n/a
MSJL Holdings 4682 Limited	Cayman Islands	n/a
MSJL Holdings Limited	Cayman Islands	n/a
Morgan Stanley Japan Holdings Co., Ltd.	Japan	n/a
Jipang Mortgage Finance Co., Ltd.	Japan	n/a
Morgan Stanley Capital Group Japan Co., Ltd.	Japan	n/a
Morgan Stanley Capital K.K.	Japan	n/a
Morgan Stanley Credit Products Japan Co., Ltd.	Japan	n/a
TM, Limited	Japan	n/a
Morgan Stanley Investment Management (Japan) Co., Ltd.	Japan	n/a
Morgan Stanley Japan Business Group Co., Ltd.	Japan	n/a
Morgan Stanley Japan Group Co., Ltd.	Japan	n/a
Morgan Stanley MUFG Securities Co., Ltd.	Japan	n/a
MS Japan REIT Holding KK	Japan	n/a
MS Real Estate Advisors Co., Ltd.	Japan	n/a
MS CYM Preferred Ltd.	Cayman Islands	n/a
MSJS Preferred YK	Japan	n/a
MSDW Birkdale Limited	Cayman Islands	n/a
MSDW Muirfield Limited	Cayman Islands	n/a
Morgan Stanley Asia Pacific Services Limited	United Kingdom	ENW
Morgan Stanley Asset Management S.A.	Luxembourg	n/a
Morgan Stanley Australia Finance Pty Limited	Australia	NSW
Morgan Stanley Bank AG	Germany	n/a
Morgan Stanley Business Consulting (Shanghai) Limited	China	n/a
Morgan Stanley Canada Limited	Canada	n/a
Morgan Stanley Capital (Luxembourg) S.A.	Luxembourg	n/a
Morgan Stanley Capital, S.A. de C.V.	Mexico	n/a
Morgan Stanley Commodities Trading Hong Kong Holdings Limited	Hong Kong	n/a
Morgan Stanley Commodities Trading (China) Limited	China	n/a
Morgan Stanley Hungary Analytics Limited	Hungary	n/a
Morgan Stanley International Limited	United Kingdom	ENW
Morgan Stanley Group (Europe)	United Kingdom	ENW
Morgan Stanley Angel Limited	Cayman Islands	n/a
Suffolk Trading B.V.	Netherlands	n/a
V2 Music (Holdings) Limited	United Kingdom	ENW
Morgan Stanley Capital Group Limited (in Members' Voluntary Liquidation)	United Kingdom	ENW
Morgan Stanley Finance (C.I.) Limited	Jersey	n/a
Morgan Stanley JY Holdings Limited (In Members' Voluntary Liquidation)	United Kingdom	ENW
Morgan Stanley UK Group	United Kingdom	ENW
Cabot 2 Limited (in Members' Voluntary Liquidation)	United Kingdom	ENW
Morgan Stanley Amalthea UK Limited	United Kingdom	ENW
Morgan Stanley Finance Limited	United Kingdom	ENW
Morgan Stanley Investments (UK)	United Kingdom	ENW
Morgan Stanley & Co. International plc	United Kingdom	ENW
Cabot 38 Limited	United Kingdom	ENW
Morgan Stanley (France) SAS	France	n/a
Morgan Stanley Elz GmbH	Germany	n/a
Morgan Stanley Equity Finance (Denmark) ApS	Denmark	n/a
Morgan Stanley Equity Financing Services (Sweden) AB	Sweden	n/a
Morgan Stanley Havel GmbH	Germany	n/a
Morgan Stanley Mosel GmbH	Germany	n/a
Morgan Stanley Humboldt Investments Limited	United Kingdom	ENW
Clearcreek, S.L.	Spain	n/a
Morgan Stanley Kochi Limited	Cayman Islands	n/a
Camomile Liffey Investments (UK) Limited	Cayman Islands	n/a
Morgan Stanley Durham Investments Limited	United Kingdom	ENW
Morgan Stanley Cumbria Investments	United Kingdom	ENW
Morgan Stanley Dorset Investments Limited	United Kingdom	ENW
Morgan Stanley Hoxne	Gibraltar	n/a
Morgan Stanley Propus	Gibraltar	n/a
Morgan Stanley Langton Limited	United Kingdom	ENW
Morgan Stanley Heythorp Investments	Ireland	n/a
Morgan Stanley Equity Holding (Netherlands) B.V.	Netherlands	n/a
Morgan Stanley Longcross Limited	United Kingdom	ENW
Morgan Stanley Bramley Investments Limited	United Kingdom	ENW

Name	Country Name	Region / State
Morgan Stanley Cooper Investments Limited	United Kingdom	ENW
Morgan Stanley Derivative Products (Netherlands) B.V.	Netherlands	n/a
Drake II Investments Limited	Cayman Islands	n/a
Morgan Stanley Equity Financing Limited	United Kingdom	ENW
Morgan Stanley Maple Investments Limited	United Kingdom	ENW
Wohler Investments LLP (in Members' Voluntary Liquidation)	United Kingdom	ENW
Morgan Stanley Montrose Investments Limited	United Kingdom	ENW
Morgan Stanley Rivelino Investments Limited	United Kingdom	ENW
Morgan Stanley Dolor Limited	Cayman Islands	n/a
Morgan Stanley Tostao Limited	Cayman Islands	n/a
Morgan Stanley Silvermere Limited	United Kingdom	ENW
Morgan Stanley Bowline Limited	United Kingdom	ENW
Morgan Stanley Penberthy Limited	United Kingdom	ENW
Morgan Stanley Hampstead Limited	Cayman Islands	n/a
Morgan Stanley Northcote Investments Limited	United Kingdom	ENW
Shavano Cooperatieve U.A.	Netherlands	n/a
Morgan Stanley Strategic Investments Limited	United Kingdom	ENW
Morgan Stanley Taiwan Limited	Taiwan	n/a
Morgan Stanley Turnberry Limited	United Kingdom	ENW
Morgan Stanley Montgomerie Investments Limited	United Kingdom	ENW
Morgan Stanley Equity Derivative Services (Luxembourg) S.a r.l	Luxembourg	n/a
Morgan Stanley Langtree Investments B.V.	Netherlands	n/a
Morgan Stanley Mallard Investments Limited	United Kingdom	ENW
Morgan Stanley Millbrae Investments B.V.	Netherlands	n/a
Morgan Stanley Medway Investments Limited (in Members' Voluntary Liquidation)	United Kingdom	ENW
Morgan Stanley Raleigh Investments Limited (in Members' Voluntary Liquidation)	United Kingdom	ENW
Morgan Stanley Weaver S.a r.l.	Luxembourg	n/a
Morgan Stanley Cadzand III Limited	Cayman Islands	n/a
Morgan Stanley Oostburg B.V.	Netherlands	n/a
Morgan Stanley Waterloo Limited	Cayman Islands	n/a
Norwegian Energy Limited	United Kingdom	ENW
Morgan Stanley & Co. Limited	United Kingdom	ENW
East Sussex Financing Limited	Jersey	n/a
Cottenden Financing Unlimited	Jersey	n/a
Morgan Stanley Bank International Limited	United Kingdom	ENW
Morgan Stanley Bank International (China) Limited	China	n/a
Morgan Stanley Investment Management Limited	United Kingdom	ENW
Morgan Stanley Investment Management (ACD) Limited	United Kingdom	ENW
Morgan Stanley Securities Limited	United Kingdom	ENW
Morstan Nominees Limited	United Kingdom	ENW
Morgan Stanley Services (UK) Limited	United Kingdom	ENW
Morgan Stanley UK Limited	United Kingdom	ENW
Morgan Stanley Pension Trustee Limited	United Kingdom	ENW
Morgan Stanley Trustee Limited	United Kingdom	ENW
Morgan Stanley Wertpapiere GmbH	Germany	n/a
OOO Morgan Stanley Bank	Russian Federation	n/a
Morgan Stanley Strategic Funding Limited	United Kingdom	ENW
Bayfine UK Products	United Kingdom	ENW
Morgan Stanley Investment Consultancy (Shanghai) Limited	China	n/a
Morgan Stanley Investment Management (Australia) Pty Limited	Australia	VIC
Morgan Stanley Investment Management (Korea) Limited	Korea, Republic of	n/a
Morgan Stanley Investment Management Consultancy (Shanghai) Limited	China	n/a
Morgan Stanley Investments (Mauritius) Limited	Mauritius	n/a
Morgan Stanley Japan Limited	Cayman Islands	n/a
Morgan Stanley Jubilee Investments Limited	United Kingdom	ENW
Morgan Stanley UK Financing II LP	United Kingdom	n/a
Morgan Stanley Luxembourg Financing II S.a r.l	Luxembourg	n/a
Morgan Stanley Management Service (Shanghai) Limited	China	n/a
Morgan Stanley Mauritius Company Limited	Mauritius	n/a
Alanoushka Finlease and Investments Private Limited	India	n/a
Morgan Stanley Asia Regional (Holdings) II LLC	Cayman Islands	n/a
Morgan Stanley India Capital Private Limited	India	n/a
Morgan Stanley India Primary Dealer Private Limited	India	n/a
Morgan Stanley India Securities Private Limited	India	n/a
Morgan Stanley India Company Private Limited	India	n/a
Morgan Stanley India Financial Services Private Limited	India	n/a
Morgan Stanley India Services Private Limited	India	n/a
Morgan Stanley Investment Management Private Limited	India	n/a
Morgan Stanley Solutions India Private Limited	India	n/a
Morgan Stanley Menkul Degerler A.S.	Turkey	n/a
Morgan Stanley Middle East Inc.	United States	DE

Name	Country Name	Region / State
Morgan Stanley Saudi Arabia	Saudi Arabia	n/a
Morgan Stanley Mortgage Servicing Limited	United Kingdom	ENW
Morgan Stanley México, Casa de Bolsa, S.A. de C.V.	Mexico	n/a
Morgan Stanley Pacific Limited	Hong Kong	n/a
Morgan Stanley (China) Private Equity Investment Management Co., Ltd.	China	n/a
Hangzhou Haergai Investment Consultancy Partnership Entity (Limited Partnership)	China	n/a
Hangzhou Morgan Stanley Investment Consulting Partnership Enterprise, L.P.	China	n/a
Morgan Stanley Investment Consultancy (Beijing) Company Limited	China	n/a
Morgan Stanley Pacific Services Limited	United Kingdom	ENW
Morgan Stanley Poggio Secco Limited	Cayman Islands	n/a
Alpino Investments Limited	Cayman Islands	n/a
Morgan Stanley Clare S.a r.l.	Luxembourg	n/a
Morgan Stanley Private Equity Asia Limited	Hong Kong	n/a
Morgan Stanley Private Equity Advisory (Beijing) Limited	China	n/a
Morgan Stanley Private Equity Management Korea, Ltd.	Korea, Republic of	n/a
Morgan Stanley Real Estate Investment GmbH	Germany	n/a
Morgan Stanley San Donato S.a r.l.	Luxembourg	n/a
Morgan Stanley Syrah Two Limited	Cayman Islands	n/a
Morgan Stanley Donegan Limited	Cayman Islands	n/a
Morgan Stanley SGR S.p.A.	Italy	n/a
Morgan Stanley South Africa (Proprietary) Limited	South Africa	n/a
Morgan Stanley Spanish Holdings S.L.	Spain	n/a
Morgan Stanley S.V., S.A.U.	Spain	n/a
Morgan Stanley Trading Beteiligungs-GmbH	Germany	n/a
MS China 16 Limited	Cayman Islands	n/a
MS Equity Financing Services (Luxembourg) S.a.r.l.	Luxembourg	n/a
Morgan Stanley Cadzand II	Gibraltar	n/a
MS Gamma Holdings LLC	United States	DE
MSAM/Kokusai (Cayman Islands), Inc.	Cayman Islands	n/a
MSAM/Kokusai II (Cayman Islands), Inc.	Cayman Islands	n/a
MSDW Finance (Netherlands) B.V.	Netherlands	n/a
MSL Incorporated	United States	DE
PT. Morgan Stanley Asia Indonesia	Indonesia	n/a
PT. Morgan Stanley Indonesia	Indonesia	n/a
Morgan Stanley International Incorporated	United States	DE
Morgan Stanley (Australia) Holdings Pty Limited	Australia	NSW
Morgan Stanley (Australia) Securities Holdings Pty Limited	Australia	VIC
Morgan Stanley Australia Securities Limited	Australia	NSW
Morgan Stanley Australia Securities (Nominee) Pty Limited	Australia	NSW
Morgan Stanley Australia Limited	Australia	NSW
Morgan Stanley International Finance S.A.	Luxembourg	n/a
Morgan Stanley Capital Holdings	United Kingdom	ENW
Morgan Stanley UK Financing I LP	United Kingdom	n/a
Morgan Stanley Luxembourg Financing I S.a r.l.	Luxembourg	n/a
Morgan Stanley International Insurance Ltd.	Bermuda	n/a
Peconic Indemnity Company	United States	AZ
Morgan Stanley Latin America Incorporated	United States	DE
Banco Morgan Stanley S.A.	Brazil	n/a
Morgan Stanley Administradora de Carteiras S.A.	Brazil	n/a
Morgan Stanley Corretora de Titulos e Valores Mobiliarios S.A.	Brazil	n/a
Morgan Stanley Prestacao de Servicos e Comercio de Commodities Ltda.	Brazil	n/a
Morgan Stanley Uruguay Ltda.	Uruguay	n/a
Morgan Stanley Reinsurance Ltd.	Bermuda	n/a
MSDW Investment Holdings (US) LLC	United States	DE
Morgan Stanley UK Trader	United Kingdom	ENW
Morgan Stanley Corporate Trader	United Kingdom	ENW
Morgan Stanley Equity Trader	United Kingdom	ENW
Morgan Stanley Financial Trader	United Kingdom	ENW
Morgan Stanley Weser GmbH	Germany	n/a
MSDW Investment Holdings (UK) Limited	United Kingdom	ENW
Cabot 1 Limited	United Kingdom	ENW
Morgan Stanley Sandpiper Limited (in Members' Voluntary Liquidation)	United Kingdom	ENW
MSDW Investments (Cayman) Limited	Cayman Islands	n/a
MSDWIH Limited	Cayman Islands	n/a
Morgan Stanley Investment Management Inc.	United States	DE
Morgan Stanley AIP Funding Inc.	United States	DE
Morgan Stanley Alternative Investments LLC	United States	DE
AIP Asia-SMA GP LP	United States	DE
AIP Mbar SLP LP	United States	DE
AIP MPI Partners GP LP	United States	DE
AIP Phoenix II GP LP	United States	DE
AIP PMF VI GP LP	United States	DE
AIP PMIF I GP LP	United States	DE

Name	Country Name	Region / State
Flint Capital Partners GP LP	United States	DE
Flint Capital Partners SLP Ltd.	Cayman Islands	n/a
GPF Private Equity GP LP	United States	DE
GTB Capital Partners GP LP	United States	DE
GTB Capital Partners II GP LP	United States	DE
Morgan Stanley AIP (Cayman) GP Ltd.	Cayman Islands	n/a
Morgan Stanley CHFS (International) GP Limited	Cayman Islands	n/a
Morgan Stanley AIP Falconer 2010 GP LP	United States	DE
Morgan Stanley AIP GP LP	United States	DE
Morgan Stanley Alternative Investment Partners LP	United States	DE
Morgan Stanley AIP Phoenix 2009 GP LP	United States	DE
Morgan Stanley EPMF I GP LP	United States	DE
Morgan Stanley GDOF GP LP	United States	DE
Morgan Stanley GSOF GP LP	United States	DE
Morgan Stanley GSOF SLP Ltd.	Cayman Islands	n/a
Morgan Stanley GSOF II GP LP	United States	DE
Morgan Stanley PMF III GP LP	United States	DE
Morgan Stanley PMF IV GP LP	United States	DE
Morgan Stanley PMF IV SLP Ltd.	Cayman Islands	n/a
Morgan Stanley PMF V GP LP	United States	DE
Morgan Stanley PMF V SLP Ltd.	Cayman Islands	n/a
Morgan Stanley SCRSIC Strategic Partnership Fund GP Inc.	United States	DE
Morgan Stanley Distribution, Inc	United States	PA
Morgan Stanley Seed Holdings, Ltd.	Cayman Islands	n/a
Morgan Stanley Services Company Inc.	United States	DE
Morgan Stanley Leveraged Equity Fund II, Inc.	United States	DE
Morgan Stanley Leveraged Equity Holdings Inc.	United States	DE
Morgan Stanley Life Holding Incorporated	United States	DE
Longevity Insurance Company	United States	TX
Morgan Stanley Mayak Limited	Cayman Islands	n/a
Morgan Stanley Mortgage Capital Holdings LLC	United States	NY
Morgan Stanley Asset Capital Inc.	United States	DE
Saxon Capital, Inc.	United States	MD
Saxon Asset Securities Company	United States	VA
Saxon Capital Holdings, Inc.	United States	DE
SCI Services, Inc.	United States	VA
Saxon Funding Management LLC	United States	DE
Saxon Securitized Assets LLC	United States	DE
Saxon Mortgage Services, Inc.	United States	TX
Saxon Mortgage, Inc.	United States	VA
Morgan Stanley Municipal Funding Inc.	United States	DE
Morgan Stanley Overseas Services (Jersey) Limited	Jersey	n/a
Morgan Stanley Portfolio Management LLC	United States	DE
Morgan Stanley Preferred Strategies Inc.	United States	DE
MORGAN STANLEY PRINCIPAL FUNDING, INC.	United States	DE
Morgan Stanley (Hungary) Financial Services Limited Liability Company (In Members' voluntary liquidation)	Hungary	n/a
SPV Columbus Srl	Italy	n/a
Morgan Stanley Principal Strategies, Inc.	United States	DE
Morgan Stanley Private Equity Asia, Inc.	United States	DE
Morgan Stanley Private Equity Asia, LLC	United States	DE
Morgan Stanley Real Estate Advisor, Inc.	United States	DE
MSREA Holdings, Inc.	United States	DE
MSREA Holdings, LLC	United States	DE
MSREA LL Holdings, LLC	United States	DE
Morgan Stanley Real Estate F Funding, Inc.	United States	DE
Morgan Stanley Real Estate F Funding Partner, Inc.	United States	DE
Morgan Stanley Real Estate F International Funding, L.P.	United States	DE
Morgan Stanley Real Estate Funding II, Inc.	United States	DE
Morgan Stanley Real Estate Funding II, L.P.	United States	DE
MS Moon Holdings LLC	United States	DE
Crescent Real Estate Capital GP, LLC	United States	DE
Crescent Real Estate Capital, L.P.	United States	DE
One Village Place LLC	United States	DE
DBFLA Services LLC	United States	DE
Morgan Stanley Real Estate Investment Management II, Inc.	United States	DE
MSREF II-CO, L.L.C.	United States	DE
Morgan Stanley Real Estate Investment Management Inc.	United States	DE
Morgan Stanley Real Estate Fund, Inc.	United States	DE
Morgan Stanley Realty Incorporated	United States	DE
BH-MS Realty Inc.	United States	DE
Brooks Harvey & Co., Inc.	United States	DE
Dean Witter Global Realty Inc.	United States	DE

Name	Country Name	Region / State
Japan Realty Finance Company II	Cayman Islands	n/a
Morgan Stanley Properties, Inc.	United States	DE
Morgan Stanley Capital (Real Estate) Pte. Ltd.	Singapore	n/a
Morgan Stanley Properties (Mauritius) India	Mauritius	n/a
Morgan Stanley Properties India Real Estate Management Private Limited	India	n/a
Morgan Stanley Properties Corso Venezia Srl (in liquidazione)	Italy	n/a
Morgan Stanley Properties France SAS	France	n/a
Morgan Stanley Properties Germany GmbH	Germany	n/a
MSP China Holdings Limited	Cayman Islands	n/a
Morgan Stanley Properties (China) Co., Ltd	China	n/a
Morgan Stanley Properties Advisory Corp. Limited	Cayman Islands	n/a
Beijing Kaili Assets Servicing Co., Ltd	China	n/a
Panorama Hospitality Global, Inc.	United States	DE
Tokyo Realty Investment Company	Cayman Islands	n/a
Tokyo Realty Investment Company II	Cayman Islands	n/a
Japan Realty Holding Company II	Cayman Islands	n/a
Morgan Stanley Renewables Inc.	United States	DE
Carson Solar I LLC	United States	DE
MF Mesa Lane LLC	United States	DE
Morgan Stanley Renewable Development Fund LLC	United States	DE
Third Planet Windpower, LLC	United States	DE
Morgan Stanley Wind LLC	United States	DE
MS Greenrock Holdings Inc.	United States	DE
MS SolarCity LLC	United States	DE
MS Wind II LLC	United States	DE
A4 Wind 1 LLC	United States	DE
A4 Wind 2 LLC	United States	DE
Gear Wind LLC	United States	DE
Wind Joint Venture LLC	United States	DE
Solar Star California III, LLC	United States	DE
Solar Star California IX, LLC	United States	DE
Solar Star California V, LLC	United States	DE
Solar Star California VI, LLC	United States	DE
Solar Star WMT I, LLC	United States	DE
Morgan Stanley Risk Services LLC	United States	DE
Morgan Stanley SECAP Funding, LLC	United States	DE
Morgan Stanley Secured Financing LLC	United States	DE
Morgan Stanley Senior Funding, Inc.	United States	DE
Inversiones Sudamerica Uno Ltda	Chile	n/a
Morgan Stanley European Funding, Inc.	United States	DE
Morgan Stanley European Leveraged Products, Inc.	United States	DE
Morgan Stanley MSSF LLC	United States	DE
Morgan Stanley Senior Funding (Capital), Inc.	United States	DE
Morgan Stanley Senior Funding (Nova Scotia) Co.	Canada	n/a
MSSFG (SPV-AMC), Inc.	Philippines	n/a
Tenedora Dalia, S.A. de C.V.	Mexico	n/a
Ventura Holdings, Inc.	United States	DE
Ventura Holdings NJ, Inc.	United States	DE
Ventura AC LLC	United States	NJ
Ventura Property Management, LLC	United States	DE
Ventura Ohio, LLC	United States	DE
Ventura Utah, LLC	United States	DE
Ventura Opportunities, LLC	United States	DE
Morgan Stanley Services Canada Holding Corp.	United States	DE
Morgan Stanley Services Canada Corp.	Canada	NS
Morgan Stanley Services Inc.	United States	DE
Morgan Stanley Special Situations Group Inc.	United States	DE
Morgan Stanley Syrah One Limited	Cayman Islands	n/a
Morgan Stanley Tower, LLC	United States	DE
Morgan Stanley Venture Capital III, Inc.	United States	DE
Morgan Stanley Venture Partners III, L.L.C.	United States	DE
Morstan Development Company, Inc.	United States	DE
MR Ventures Inc.	United States	DE
MS 10020, Inc.	United States	DE
MS Debt Opportunities Corp.	United States	DE
MS Equity Products (Luxembourg) S.a.r.l.	Luxembourg	n/a
Morgan Stanley Foreign Complex Trust	United States	DE
Morgan Stanley Moselle S.a.r.l	Luxembourg	n/a
Morgan Stanley Norton Investments Limited	United Kingdom	ENW
Morgan Stanley Luxembourg Equity Holdings S.a.r.l.	Luxembourg	n/a
Morgan Stanley Kadarka Limited	Cayman Islands	n/a
MS Hawk I LLC	United States	DE
MS Holdings Incorporated	United States	DE

Name	Country Name	Region / State
Morgan Stanley ARS Funding Inc.	United States	DE
Morgan Stanley Hedge Fund Partners Cayman Ltd.	Cayman Islands	n/a
Morgan Stanley HFP Investment Inc	United States	DE
Morgan Stanley IMDCP Funding, LLC	United States	DE
Morgan Stanley Infrastructure Holdings Inc.	United States	DE
Morgan Stanley Infrastructure II Inc.	United States	DE
Morgan Stanley Infrastructure II GP LP	Cayman Islands	n/a
Morgan Stanley Infrastructure Partners II-B GP	Luxembourg	n/a
Morgan Stanley Infrastructure Inc.	United States	DE
Morgan Stanley Infrastructure GP LP	United States	DE
Morgan Stanley Infrastructure SLP, LLC	United States	DE
Morgan Stanley Infrastructure SLP, L.P.	Cayman Islands	n/a
MSIP Agatha Co-Investment GP Limited	Cayman Islands	n/a
Morgan Stanley Infrastructure MEA Fund Inc.	United States	DE
Morgan Stanley Merchant Banking Insurance Holdings, LLC	United States	DE
Morgan Stanley Merchant Banking Insurance Company	United States	VT
Morgan Stanley Private Equity Asia III, Inc.	United States	DE
Morgan Stanley Private Equity Asia III, L.L.C.	United States	DE
Morgan Stanley Private Equity Asia IV, Inc.	United States	DE
Morgan Stanley Private Equity Asia IV, L.L.C.	United States	DE
MSPEA SLP IV, L.L.C.	United States	DE
Morgan Stanley Real Estate Securities Global Best Ideas GP Inc.	United States	DE
MS Alternatives Funding, Inc.	United States	DE
Morgan Stanley Capital Partners V Funding LP	United States	DE
MS Alternatives Funding Partner, Inc.	United States	DE
MS Alternatives Holding C Inc.	United States	DE
MS Alternatives Holding C (Cayman) Ltd.	Cayman Islands	n/a
MS Alternatives Holding D Inc.	United States	DE
MS ARS Holding A Inc.	United States	DE
MS ARS Holding B Inc.	United States	DE
MS Capital Partners Adviser Inc.	United States	DE
MS Credit Partners GP Inc.	United States	DE
MS Credit Partners GP L.P.	United States	DE
MS Credit Partners Holdings Inc.	United States	DE
MS Credit Partners II GP Inc.	United States	DE
MS Credit Partners II GP L.P.	United States	DE
MS Expansion Capital GP Inc.	United States	DE
MS Expansion Capital GP LP	United States	DE
MSCP V GP Inc.	United States	DE
MS Capital Partners V GP L.P.	Cayman Islands	n/a
MSCP V Offshore Investors GP Ltd.	Cayman Islands	n/a
MS Capital Partners V LP	United States	DE
MSGFI Management Inc.	United States	DE
MSIM GP Inc.	United States	DE
Private Investment Partners Inc.	United States	DE
Private Investment Partners GP Inc.	United States	DE
TAM Investment Holdings Inc.	United States	DE
MS Lion LLC	United States	DE
Morgan Stanley Beta Investments Limited	United Kingdom	ENW
Morgan Stanley Gamma Investments	United Kingdom	ENW
Morgan Stanley Portland Investments Limited	United Kingdom	ENW
MS Low Income Housing Corporation	United States	DE
BMC NAB Trust Investment Fund LLC	United States	DE
Conchita I LLC	United States	DE
Mombacho I LLC	United States	DE
MS Guaranteed Tax Credit Fund XXIII, LLC	United States	DE
Morgan Stanley New Markets, Inc.	United States	DE
MS New Markets I LLC	United States	DE
MS New Markets II LLC	United States	DE
MS New Markets IV LLC	United States	DE
MS New Markets IX LLC	United States	DE
MS New Markets VIII LLC	United States	DE
MS New Markets X LLC	United States	DE
MS Georgia Tax Credit Fund III LLC	United States	DE
MS LIHTC FCG LLC	United States	NY
Pinol II LLC	United States	DE
Wiwili IV LLC	United States	DE
Viento LLC	United States	DE
Warepool 9A LLC	United States	DE
Wiwili III LLC	United States	DE
MS Low Income Housing II Corporation	United States	DE
CTH LIHTC FUND 97-3A, L.L.C.	United States	DE
MULTISTATE LIHTC HOLDINGS II, L.P.	United States	DE

Name	Country Name	Region / State
MS Affordable Housing LLC	United States	DE
MS GSP Legacy LLC	United States	DE
MS Taishan Inc.	United States	DE
MS Pegau LLC	United States	DE
Millport I LLC	United States	DE
Elderslie Holdings Limited	Cayman Islands	n/a
Elderslie Limited	Cayman Islands	n/a
Ras Dashen Cayman Limited	Cayman Islands	n/a
Esporta Holdings Limited	Cayman Islands	n/a
Bayview Holding Ltd.	Cayman Islands	n/a
Esporta Limited	Cayman Islands	n/a
Esporta Financing Limited	Cayman Islands	n/a
Morgan Stanley Eden Investments Limited	United Kingdom	ENW
Morgan Stanley UK Financing III LP	United Kingdom	n/a
MS Revel EFS LLC	United States	DE
MS Rosebank LLC	United States	DE
Morgan Stanley Strand Limited	Cayman Islands	n/a
Cornelia Limited	Cayman Islands	n/a
Lindley S.a r.l.	Luxembourg	n/a
Linksfield S.a r.l.	Luxembourg	n/a
MS Douglasdale Limited	Cayman Islands	n/a
Bondi Limited	Cayman Islands	n/a
MS Melville LLC	United States	DE
MS Dainfern LLC	United States	DE
MS Greenside LLC	United States	DE
MS Houghton LLC	United States	DE
Sandhurst Partnership	United States	DE
MS Sandhurst FX LLC	United States	DE
MS Structured Asset Corp.	United States	DE
MS Venture Capital Holding Inc.	United States	DE
MSAM Holdings II, Inc.	United States	DE
MSCP III Holdings, Inc.	United States	DE
Morgan Stanley Proprietary Trading Co. (Cayman) Limited	Cayman Islands	n/a
MSDW Capital Partners IV, Inc.	United States	DE
MSDW Capital Partners IV LLC	United States	DE
MSDW CPIV Holdings, Inc.	United States	DE
MSDW Emerging Equity, Inc.	United States	DE
MSDW International Employee Services LLC	United States	DE
MSDW Nederland BV	Netherlands	n/a
MSDW Offshore Equity Services Inc.	United States	DE
FUNDLOGIC SAS	France	n/a
FundLogic Global Solutions (Ireland) Limited	Ireland	n/a
Morgan Stanley Alzette S.a.r.l.	Luxembourg	n/a
Morgan Stanley Equity Investments (Luxembourg)	Ireland	n/a
Morgan Stanley Corporate Holdings (Luxembourg)	Ireland	n/a
Morgan Stanley Derivative Products (Singapore) Pte. Ltd.	Singapore	n/a
Morgan Stanley Derivative Products Spain S.L.	Spain	n/a
Morgan Stanley Equity Finance (Malta) Limited	Malta	n/a
Morgan Stanley Euro Financing (Luxembourg)	Ireland	n/a
Morgan Stanley Grund S.a.r.L	Luxembourg	n/a
Morgan Stanley Derivative Products (Portugal), Unipessoal LDA	Portugal	n/a
Morgan Stanley Equity Investments (UK) Limited	Cayman Islands	n/a
Morgan Stanley Equity Trading (DIFC) Limited	United Arab Emirates	n/a
Morgan Stanley Warta GmbH	Germany	n/a
Morgan Stanley Wiltz S.a.r.l.	Luxembourg	n/a
Morgan Stanley Eder S.a r.l.	Luxembourg	n/a
Morgan Stanley Derivative Products Global S.a r.l	Luxembourg	n/a
Morgan Stanley Equity Trading GP Limited	Jersey	n/a
Morgan Stanley Global Equity Trading (Jersey) L.P.	Jersey	n/a
Morgan Stanley GFD Hedge Holdings II Limited	Cayman Islands	n/a
Morgan Stanley GFD Hedge Holdings Limited	Cayman Islands	n/a
Morgan Stanley GFD Proprietary Holdings Limited	Cayman Islands	n/a
Morgan Stanley Global Fund Derivatives Hedge Holdings Luxembourg S.A.	Luxembourg	n/a
Morgan Stanley Spad Investments S.a.r.l.	Luxembourg	n/a
Morgan Stanley Morane Investments S.a r.l.	Luxembourg	n/a
Morgan Stanley Curtiss Investments S.a r.l.	Luxembourg	n/a
MS Equity Finance Services I (Cayman) Ltd.	Cayman Islands	n/a
MSDW OIP Investors, Inc.	United States	DE
MSDW PE/VC Holdings, Inc.	United States	DE
MSDW Real Estate Special Situations II, Inc.	United States	DE
MSDW Real Estate Special Situations II Holdings, L.L.C.	United States	DE
MSDW Real Estate Special Situations II Partner, L.L.C.	United States	DE
MSDW Real Estate Special Situations II Manager, L.L.C.	United States	DE

Name	Country Name	Region / State
MSDW Real Estate Special Situations II-A Manager, L.L.C.	United States	DE
MSDW Real Estate Special Situations II-B Manager, L.L.C.	United States	DE
MSDW Real Estate Special Situations II-C Manager, L.L.C.	United States	DE
MSDW Real Estate Special Situations II-A Dutch Manager B.V. i.l.	Netherlands	n/a
MSDW Real Estate Special Situations II-B Dutch Manager B.V. i.l.	Netherlands	n/a
MSDW Real Estate Special Situations II-C Dutch Manager B.V. i.l.	Netherlands	n/a
MSRESS II GP Co-Investment Ltd.	Cayman Islands	n/a
MSDW Strategic Ventures Inc.	United States	DE
MSDW Venture Partners IV, Inc.	United States	DE
MSDW VP IV Holdings, Inc.	United States	DE
MSEOF, Inc.	United States	DE
MSEOF Management, LLC	United States	DE
MSEOF Manager S.a.r.l.	Luxembourg	n/a
MSIT Holdings, Inc.	United States	DE
MSPEA Holdings, Inc.	United States	DE
MSRE Mezzanine, Inc.	United States	DE
MSRE Mezzanine, LLC	United States	DE
MSRE Mezzanine-GP, LLC	United States	DE
MSREF II, Inc.	United States	DE
MSREF II, L.L.C.	United States	DE
MSREF III, Inc.	United States	DE
MSREF III, L.L.C.	United States	DE
MSREF IV, Inc.	United States	DE
MSREF IV, L.L.C.	United States	DE
MSREF IV Domestic-GP, L.L.C.	United States	DE
MSREF IV Domestic-LP, L.L.C.	United States	DE
MSREF IV International-GP, L.L.C.	United States	DE
MSREF IV International-LP, L.L.C.	United States	DE
MSREF Real Estate Advisor, Inc.	United States	DE
MSREF VI, Inc.	United States	DE
MSREF VI, L.L.C.	United States	DE
MSREF VI International-GP, L.L.C.	United States	DE
Morgan Stanley Real Estate Fund VI International-T, L.P.	United States	DE
Morgan Stanley Real Estate Fund VI International-TE, L.P.	United States	DE
Morgan Stanley Real Estate Fund VI Special-A International, L.P.	United States	DE
Morgan Stanley Real Estate Fund VI Special-B International, L.P.	United States	DE
Morgan Stanley Real Estate Investors VI International, L.P.	United States	DE
MSREI Post Co-Investment GP, L.L.C.	United States	DE
MSREF VI International-LP, L.L.C.	United States	DE
MSREF VII, Inc.	United States	DE
MSREF VII Global (Cayman) II, Ltd.	Cayman Islands	n/a
MSREF VII Global-L.P., L.L.C.	United States	DE
MSREF VII GP L.L.C.	United States	DE
MSREF VII L.P.	Canada	AB
MSREF VII Global-GP (Cayman), L.P.	Cayman Islands	n/a
MSREF VII Global-GP (U.S.), L.L.C.	United States	DE
MSREF VII Global-GP Greenwich, L.P.	Canada	AB
MSREF VII Global-GP, L.P.	Canada	AB
MSREF VII SLP-A L.P.	Canada	AB
MSREF VII SLP-B L.P.	United States	DE
MSREF VIII, Inc.	United States	DE
MSREF VIII GP, L.L.C.	United States	DE
MSREF VIII Global-GP, L.P.	United States	DE
MSREF V Funding, Inc.	United States	DE
MSREF V Funding Partner, Inc.	United States	DE
MSREF V International Funding, L.P.	United States	DE
MSREF V, Inc.	United States	DE
MSREF V, L.L.C.	United States	DE
MSREF V International-GP, L.L.C.	United States	DE
MSREF V International-LP, L.L.C.	United States	DE
MSREF V U.S.-GP, L.L.C.	United States	DE
Morgan Stanley Real Estate Fund V Special U.S., L.P.	United States	DE
Morgan Stanley Real Estate Fund V U.S., L.P.	United States	DE
Morgan Stanley Real Estate Investors V U.S., L.P.	United States	DE
MSP Co-Investment Partnership V, L.P.	United States	DE
MSP Co-Investment Partnership V-A, L.P.	United States	DE
MSP Real Estate Fund V, L.P.	United States	DE
MSREF V U.S.-LP, L.L.C.	United States	DE
MSREI Holding, Inc.	United States	DE
MSRESS III, Inc.	United States	DE
Morgan Stanley Real Estate Special Situations III-LP, L.L.C.	United States	DE
MSRESS III Manager, L.L.C.	United States	DE
Morgan Stanley Real Estate Special Situations III-GP, L.L.C.	United States	DE

Name	Country Name	Region / State
MSRESS III Monroe GP, L.L.C.	United States	DE
MSRESS III Opportunities Fund - GP, L.L.C.	United States	DE
MSUH Holdings I, Inc.	United States	DE
MSUH Holdings II, Inc.	United States	DE
MS SP Urban Horizons, Inc.	United States	DE
MS Urban Horizons, Inc.	United States	DE
MSVP 2002 Holdings, Inc.	United States	DE
MSVP 2002, Inc.	United States	DE
MSVP 2002 Fund, LLC	United States	DE
PG Holdings, Inc.	United States	DE
Providence DE Holdings Co.	United States	DE
Strategic Investments I, Inc.	United States	DE
MS Strategic (Mauritius) Limited	Mauritius	n/a
Strategic Investments II, Inc.	United States	DE
Sycamore II, Inc.	United States	DE
Tooele Power, Inc.	United States	DE

INDEX OF DEFINED TERMS

\$ i	MSI plc Registration Document	1
£ i	MSIP	29
€ i	MSMS	35
advanced approaches method	MSSB LLC	25
AIG	MUFG	11
AML	MUMSS	35, 58
Audit Committee	NFA	27
Auditors	NSFR	23
Basel Committee	OCC	2
carried interest	OFAC	30
CCAR	OTC	2
CDIB	PCA	25
CDOs	PLA	58
CDS	PRA	29
CFTC	Prospectus Directive	1
CMBS	PSAs	49
Council	Quilter	32
CRA Regulation	R&I	18
CRD IV	Registration Document	1
CSSF	Regulated Subsidiaries	67
DBRS	Required Capital	57
Dean Witter Discover	Responsible Person	1
diluted EPS	Revel	32
Dodd-Frank Act	RMBS	4, 39
EC	S&P	18
EEA	SDNY	39, 51
ERISA	SEC	39
EUR	Second Circuit	40
euro	Securities Act	40
FCA	SIPC	27
FDIC	SIVs	39
Final Terms	SO	49
FINRA	SPV	40
Fitch	SPVs	43
FSB	State Street	35
GBP Ordinary Shares	Sterling	i
G-SIBs	Subsidiaries	67
IFRS	Supreme Court of NY	52
ISDA	Swaps	28
Joint Venture	Swaps Entities	28
Law Firm	Treaty	i
LCR	Trust	44
Markit	U.K.	29
Moody's	U.S.	i
Morgan Stanley	U.S. Basel III final rule	22
Morgan Stanley Group	U.S. dollars	i
Morgan Stanley Registration Document	U.S. LCR proposal	23
MSBNA	U.S. Treasury	24
MSBV	U.S.\$	i
MSBV Registration Document	UPB	4
MSDWD	USD Class A Non-Voting Ordinary Shares	70
MSI	USD Ordinary Shares	70
MSI plc	Volcker Rule	21
MSI plc Group		

**PRINCIPAL EXECUTIVE OFFICES OF
MORGAN STANLEY**

1585 Broadway
New York, New York 10036
U.S.A.
Tel: +1 (212) 761 4000

**REGISTERED OFFICE OF MORGAN
STANLEY IN DELAWARE**

The Corporation Trust Center
1209 Orange Street
Wilmington, Delaware 19801
U.S.A.

REGISTERED OFFICE OF MORGAN STANLEY & CO. INTERNATIONAL PLC

25 Cabot Square
Canary Wharf
London E14 4QA
United Kingdom

REGISTERED OFFICE OF MORGAN STANLEY B.V.

Luna Arena
Herikerbergweg 238
1101 CM Amsterdam Zuidoost
The Netherlands
Tel: +31 20 57 55 600

**LEGAL ADVISORS TO MORGAN STANLEY, MORGAN STANLEY & CO.
INTERNATIONAL PLC AND MORGAN STANLEY B.V.**

As to English law:
Clifford Chance LLP
10 Upper Bank Street
Canary Wharf
London E14 5JJ
United Kingdom

As to Dutch law:
Freshfields Bruckhaus Deringer LLP
Strawinskylaan 10
1077 XZ Amsterdam
PO Box 75299
1070 AG Amsterdam
The Netherlands

AUDITORS OF MORGAN STANLEY

Deloitte & Touche LLP
30 Rockefeller Plaza
New York
NY 10112
U.S.A

AUDITORS OF MORGAN STANLEY & CO. INTERNATIONAL PLC

Deloitte LLP
2 New Street Square
London EC4A 3BZ
United Kingdom

AUDITORS OF MORGAN STANLEY B.V.

Deloitte Accountants B.V.
Orlyplein 10,
1043 DP Amsterdam,
P.O. Box 58110,
1040 HC Amsterdam,
The Netherlands