



BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM  
WASHINGTON, DC 20551

December 26, 2019

Mr. Gabriel Rosenberg  
Davis Polk & Wardwell LLP  
450 Lexington Avenue  
New York, New York 10017

Dear Mr. Rosenberg:

This responds to the letter dated November 26, 2019, submitted on behalf of Morgan Stanley, New York, New York, addressed to the Office of the Comptroller of the Currency (“OCC”), the Board of Governors of the Federal Reserve System (“Board”), and the Federal Deposit Insurance Corporation (“FDIC”) (collectively, the “Agencies”) regarding your request for an exemption under each of the Agencies’ respective qualified financial contract stay rules (collectively, the “QFC Stay Rules”) for certain contracts.<sup>1</sup> Specifically, you have requested an exemption from the requirements of 12 CFR 252.83 for any covered QFC that is a “non-U.S. non-linked contract” and for which each party to the covered QFC (other than the covered entity) is a counterparty that is not a covered entity or excluded bank (the “Relief Request QFCs”).<sup>2</sup> Your letter also requested an extension of time to conform the Relief Request QFCs to the requirements of the QFC Stay Rules until the Agencies determine whether the requested relief is appropriate under the standards set forth in the QFC Stay Rules.

Acting pursuant to authority delegated by the Board and having considered all relevant facts, I grant an extension of time until July 1, 2020. Under this extension of time, the Relief Request QFCs entered into by any covered entity that would otherwise be subject to the January 1, 2020, compliance date set forth in 12 CFR 252.82(f)(1)(iii) temporarily will not be subject to the requirements of the Board’s QFC Stay Rule. Additionally, the previously granted extension of time with respect to the Relief Request QFCs entered into by any covered entity that

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<sup>1</sup> 12 CFR part 47 (OCC); 12 CFR part 252, subpart I (Board); and 12 CFR part 382 (FDIC).

<sup>2</sup> Definitions related to the scope of the Relief Request QFCs are set out in the Appendix. In addition to seeking the instant request for an extension of time, your letter of November 26, 2019, withdrew your earlier request on behalf of Morgan Stanley for an exemption for certain investment advisory contracts. As a result, the Board will not consider any extension of time or exemption for those investment advisory contracts.

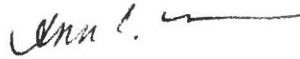
would have been subject to the July 1, 2019, compliance date is extended until July 1, 2020. The Board is taking no action on your request for an exemption at this time. Should the Board deny in whole or in part the requested exemptions for the Relief Request QFCs, staff would recommend that you be permitted some period from the date of any such denial to conform all affected QFCs to the requirements of the Board's QFC Stay Rule.

Board staff has consulted with staff of the OCC and FDIC with respect to this extension of time, and OCC and FDIC staff have advised Board staff that they do not object to this extension.

This action may be revised or revoked, based on changes to applicable regulations or other relevant factors. This action is based on all the facts of record, including the information discussed above, and the representations in your submissions and supplemental information. Any material change in those facts or representations could affect this approval and should be communicated promptly to Board staff.

Please contact Lucy Chang at (202) 475-6331 or Evan Hechtman at (202) 263-4810, both of the Board's Legal Division, or Felton Booker at (202) 912-4651 or Lesley Chao at (202) 974-7063, of the Board's Division of Supervision and Regulation, if you have any questions.

Very truly yours,

A handwritten signature in black ink, appearing to read "Ann E. Misback", followed by a horizontal line.

Ann E. Misback  
Secretary of the Board

cc: Office of the Comptroller of the Currency  
Federal Deposit Insurance Corporation

## Appendix

1. For purposes of this extension of time, the following definitions apply:
  - a. "Affiliate" has the same meaning as in 12 CFR 252.2.
  - b. "Linked" has the same meaning as in 12 CFR 380.12(b)(1).
  - c. "Non-U.S. non-linked contract" is defined as a QFC that meets all of the following:
    - i. No party to the QFC is a covered entity:
      - A. that is incorporated in or organized under the laws of the United States or any State;
      - B. whose principal place of business is located in the United States, including any State; or
      - C. that is a U.S. branch or U.S. agency;
    - ii. The QFC is not guaranteed or otherwise supported by an affiliate of a covered entity that is a party to the QFC that could itself be placed into a U.S. special resolution regime;
    - iii. The QFC is not linked to an affiliate of a covered entity that is a party to the QFC; and
    - iv. The QFC contains no default rights that could be exercised against any other covered entity that itself could be placed into a U.S. special resolution regime.
  - d. "Support" has the same meaning as in 12 CFR 380.12(b)(3).
  - e. "State" has the same meaning as in 12 CFR 252.2(y).
  - f. "U.S. agency" has the same meaning as in 12 CFR 252.2(bb).
  - g. "U.S. branch" has the same meaning as in 12 CFR 252.2(cc).
  - h. "U.S. special resolution regime" has the same meaning as in 12 CFR 252.81.