

Morgan Stanley

2015 Resolution Plan

July 1, 2015

Introduction	3
1 Overview of Resolution Plan	5
2 Summary of Core Business Lines and Material Entities	10
3 Overview of Resolution Strategy	12
4 Structural Changes to the Firm to Facilitate Orderly Resolution	19
5 Summary of Financial Information Regarding Assets, Liabilities, Capital and Major Funding Sources	25
6 Description of Core Business Lines.....	28
7 Description of Material Entities.....	33
8 Derivative and Hedging Activities	51
9 Memberships in Material Payment, Clearing and Settlement Systems	53
10 Foreign Operations	54
11 Material Supervisory Authorities	55
12 Principal Officers.....	57
13 Resolution Planning Corporate Governance Structure and Processes.....	57
14 Description of Material Management Information Systems.....	58
15 Forward-Looking Statements.....	60

Introduction

Morgan Stanley (the “Firm”) is a global financial services institution that, through its financial holding company (“MS Parent”) and its subsidiaries and affiliates, provides products and services to a large and diversified group of clients and customers. As a global financial services institution, the Firm must comply with laws and regulations in managing its operations to promote the integrity of the financial system. The Firm has operated as a bank holding company and financial holding company under the Bank Holding Company Act of 1956 (“BHC Act”), as amended, since 2008. As a bank holding company, the Firm is subject to comprehensive consolidated supervision, regulation and examination by the Board of Governors of the Federal Reserve System (the “Federal Reserve Board”). Through its financial holding company, its subsidiaries and affiliates, the Firm is active in financial markets around the world.

The Firm supports regulatory changes made since 2008 that mitigate systemic risk and improve global financial stability. One such regulatory change is the requirement for financial institutions to submit annual resolution plans. The Firm believes that resolution planning is a key element of systemic regulation to help protect the soundness of the global financial system. Accordingly, the Firm has prioritized resolution planning and made it an essential element of its risk management and strategic planning processes, integrating resolvability criteria into its business-as-usual (“BAU”) conduct. The Firm has dedicated significant Firm resources to resolution planning, with the involvement of a substantial number of employees across the Firm, including the Firm’s senior executive management.

The Firm has developed a resolution plan in accordance with the requirements of Section 165(d) of Title I of the Dodd-Frank Wall Street Reform and Consumer Protection Act (“Dodd-Frank Act”) and its implementing regulations adopted by the Federal Reserve Board and the Federal Deposit Insurance Corporation (the “FDIC”) (together, “Supervisors” and such plan, the “2015 Plan” or the “Plan”). This is the Public Section of the 2015 Plan submitted by the Firm.

The 2015 Plan considers possible strategies for a resolution of the Firm under the Bankruptcy Code. Although regulators could seek to resolve the Firm under the Orderly Liquidation Authority as provided under Title II of the Dodd-Frank Act, Section 165(d) of the Dodd-Frank Act requires the Firm to submit a plan for the Firm’s

resolution in proceedings under the Bankruptcy Code. This Public Section is written pursuant to the regulations promulgated under Section 165(d) of the Dodd-Frank Act and made available to the public in accordance with the Federal Reserve's Rules Regarding Availability of Information (12 CFR 261) and the FDIC's Disclosure of Information Rules (12 CFR 209). The Supervisors shall release the Public Section at the time of the Supervisors' choosing subject to the Supervisors' policies and procedures, thereby satisfying the public's interest in being informed regarding the Firm's 2015 Plan.

Since last year's submission, the FDIC and the Federal Reserve Board have issued additional guidance stating that financial institutions should take actions to improve resolution planning, preparation and resolvability. The Firm has implemented and continues to implement changes in the Firm's structure and operations to facilitate the Firm's orderly resolution. Such actions are being taken with the objective of allowing the Firm to be resolved without government support and in a manner that substantially mitigates the risk that the failure of the Firm would have serious adverse effects on financial stability.

1 Overview of Resolution Plan

Section 165(d) of the Dodd-Frank Act and the regulations promulgated thereunder require the Firm to demonstrate how MS Parent could be resolved under the Bankruptcy Code within a reasonable period of time, without extraordinary government support and in a manner that substantially mitigates the risk that the failure of the Firm would have serious adverse effects on financial stability in the United States. In conformity with this requirement, the 2015 Plan presents the Firm's strategy for resolution of the Firm upon material financial distress or failure in a severely adverse macroeconomic environment.

For its 2015 Plan, the Firm has used a hypothetical failure scenario and associated assumptions mandated by regulatory guidance (the "Hypothetical Resolution Scenario"). Under the Hypothetical Resolution Scenario, the Firm is required to assume that the Firm faces a severe idiosyncratic stress event in a severely adverse economic environment, requiring resolution of the Firm. The Plan describes how, in the Hypothetical Resolution Scenario, MS Parent could be resolved in a manner that satisfies the requirements of Section 165(d) of the Dodd-Frank Act.

The Plan is based on the Hypothetical Resolution Scenario. This scenario and the related assumptions are hypothetical and do not necessarily reflect an event or events to which the Firm is or may become subject. The Plan is not binding on any court or other resolution authority, and the strategy described in the Plan is dynamic and will be based on the facts and circumstances during the period of distress, including decisions and actions of regulators and other parties at the time.

The Firm's Enhanced Financial Resiliency

The Firm has taken numerous steps that enhance its resilience to financial stress and substantially reduce the likelihood that the Firm will need to be resolved. These steps also should facilitate orderly resolution of the Firm should resolution become necessary.

Some of the Firm's actions to improve its resiliency are summarized below.

Increased Loss-Absorbing Resources

Since 2008, the Firm has substantially increased its capital and loss-absorbing resources.

- The Firm has more than doubled the size of its common equity base and significantly improved its quality. As of March 31, 2015, 28% of total capital under U.S. Basel III Advanced Approach transitional rules was comprised of common equity.
- As of March 31, 2015, the Firm maintained \$57.3 billion in Common Equity Tier 1 capital under U.S. Basel III Advanced Approach transitional rules, significantly above minimum regulatory ratios.
- As of March 31, 2015, the Firm maintained substantial additional capacity to absorb losses in resolution in addition to its capital, including \$146 billion of long-term debt at MS Parent.

Reduced Balance Sheet and Improved Asset Quality

The Firm has significantly reduced the size of its balance sheet and substantially improved the quality of its assets. The Firm has reduced its overall balance sheet by 21%, from November 30, 2007 to March 31, 2015. Level 3 Assets as a percentage of Trading Assets were reduced to 6% as of March 31, 2015 from 20% as of November 30, 2007. Derivatives represented approximately 5% of total assets as of March 31, 2015, down from approximately 15% as of November 30, 2008.

More Robust and Stable Funding

The Firm has invested meaningfully over the last several years to ensure that it has a robust, stable foundation of funding. The Firm has increased and diversified its long-term funding sources, while enhancing its approach to secured funding to ensure durability.

Among other advancements:

- The Firm adheres to four pillars of secured funding to ensure durability and stability:
 1. Significant Weighted Average Maturity: Enhanced durability by obtaining longer-term financing, with weighted average maturity of secured financing in excess of 120 days, compared to less than 30 days in 2007
 2. Maturity Limit Structure: Established maturity limits to minimize refinancing risk in any given period
 3. Investor Limit Structure: Minimized concentration with any single investor, in aggregate and in any given month
 4. Spare Capacity: Excess secured funding capacity built in as an additional risk mitigant against reduced rollover rates experienced during sudden market shocks

- Following the contractual transfer to the Firm of the remaining Wealth Management deposits from Citigroup Inc. (“Citi”) in connection with the Firm’s acquisition of Citi’s interest in the Morgan Stanley Smith Barney LLC (“MSSB”) joint venture, the Firm, through its two U.S. banks, has become the 10th largest U.S.-based deposit-taking institution. As of March 31, 2015, the Firm had \$133 billion in deposits. The Firm’s deposits have been stable over varying economic cycles and observed periods of both market and idiosyncratic stress, representing an extremely durable source of funding.

- The Firm does not rely on unsecured funding through commercial paper or secured funding of less liquid assets with 2a-7 funds.
- MS Parent no longer issues debt obligations with an initial maturity of less than one year.

Increased Liquidity Resources

In addition to its increased capital and more robust and stable funding model, the amount of liquidity maintained by the Firm has substantially increased.

The Firm's Global Liquidity Reserve is composed of diversified cash, cash equivalents and unencumbered highly liquid securities. Eligible unencumbered highly liquid securities include U.S. government securities, U.S. agency securities, U.S. agency mortgage-backed securities, non-U.S. government securities and other highly liquid investment grade securities. The Firm's Global Liquidity Reserve has increased from \$118 billion as of November 30, 2007 to \$195 billion as of March 31, 2015, and has increased as a percentage of the Firm's total assets from 11% to 24% over the same period. The Firm's Global Liquidity Reserve is held within MS Parent and its subsidiaries.

Enhancement of Revenue Stability of Business Model

While recovery and resolution plans are important risk management tools, the Firm strives to ensure that they will never need to be used. In addition to the actions to enhance the Firm's resiliency described above, since 2008, the Firm has also fundamentally strengthened its business model. Strategic steps taken since 2010, including completion of the acquisition of Citi's remaining stake in the MSSB joint venture, have led to a more balanced business model, with enhanced revenue stability and greater contribution from fee-driven businesses. In the first quarter of 2015, 46% of revenues (excluding debt valuation adjustment ("DVA")) were from Wealth Management and Investment Management.

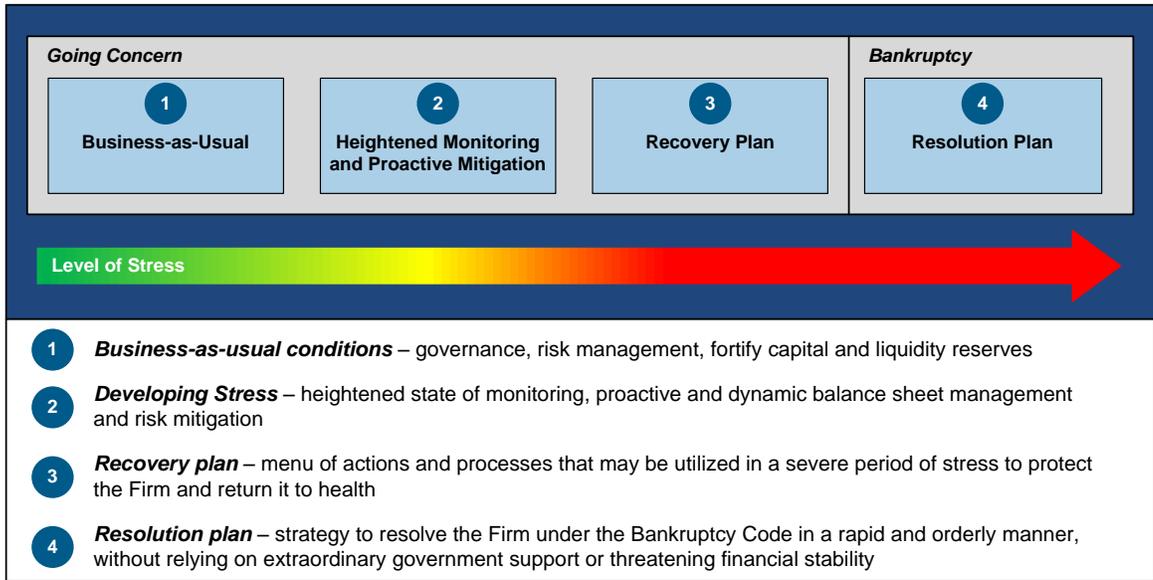
Recovery Planning and Risk Management

Resolution planning is one element in the Firm’s continuum of strategic planning, which focuses on risk management and contingency planning across several phases of potential stress.

The Firm’s resolution planning builds upon the Firm’s recovery planning and BAU risk management. The Recovery Plan describes the Firm’s strategy for managing through a potential period of severe stress that may threaten the Firm’s viability. The Recovery Plan is designed so that management actions would be sufficient, timely, well-informed and decisive, and executed under a clear chain of command. The Recovery Plan is built upon the Firm’s heightened BAU risk monitoring and management processes, which are designed to allow the Firm to proactively identify, monitor, manage and mitigate risk. The Firm engages in rigorous and frequent stress-testing, and maintains significant market and credit risk limits and enhanced risk governance throughout the Firm and embedded in each business.

As illustrated in Exhibit 1 below, together, these processes form a continuum that aims to protect and fortify the Firm’s foundation of capital and liquidity through potentially escalating periods of stress:

Exhibit 1: Firm Resolution Planning and Management



2 Summary of Core Business Lines and Material Entities

“Core Business Line” means a business line of the Firm, including associated operations, services, functions and support, which upon failure would result in a material loss of revenue, profit or franchise value. The Firm has three Core Business Lines: Institutional Securities, Wealth Management and Investment Management, which are summarized below. For more detailed information on the Firm’s Core Business Lines and Material Entities, see Sections 6 and 7 below.

The Firm’s **Institutional Securities** business provides financial advisory and capital-raising services to a diverse group of corporate and other institutional clients globally, and also conducts sales and trading activities worldwide, as principal and agent, and provides related financing services on behalf of institutional investors. The Institutional Securities business primarily conducts its activities through five non-bank Material Operating Entities:

- Morgan Stanley & Co. LLC (“MSCO”)
- Morgan Stanley & Co. International plc (“MSIP”)
- Morgan Stanley MUFG Securities (“MSMS”)
- Morgan Stanley Capital Services LLC (“MSCS”)
- Morgan Stanley Capital Group Inc. (“MSCG”)

The Firm’s **Wealth Management** business provides comprehensive financial services to individual investors and small-to-medium-sized businesses and institutions through a network of approximately 16,000 global representatives in over 600 locations as of March 31, 2015. The Wealth Management business conducts its activities through one non-bank Material Operating Entity:

- Morgan Stanley Smith Barney LLC (“MSSB”)

The Firm's **Investment Management** business offers clients a broad array of equity, fixed income, liquidity, and alternative investments, including fund of funds and single manager strategies. The Investment Management business conducts its activities primarily through two Material Operating Entities:

- Morgan Stanley Investment Management, Inc. ("MSIM Inc.")
- Morgan Stanley Investment Management, Limited ("MSIM Ltd.")

The Firm has an additional Material Operating Entity, **Morgan Stanley Bank, N.A.** ("MSBNA"), which is a U.S. insured depository institution. MSBNA's business includes both Institutional Securities and Wealth Management products and services. MSBNA provides credit products, on a secured and unsecured basis, principally to the Firm's Institutional Securities and Wealth Management clients. Deposit products are offered principally to the Wealth Management clients. MSBNA maintains an investment portfolio of high quality investment securities, and is also the entity from which much of the Firm's FX risk is managed.

3 Overview of Resolution Strategy

Preferred Resolution Strategy

In accordance with regulatory requirements, the 2015 Plan adopts a preferred strategy for resolution of the Firm in the Hypothetical Resolution Scenario (the “Preferred Resolution Strategy”). The Hypothetical Resolution Scenario includes a set of extremely severe economic assumptions, which require the Firm to absorb large losses and experience severe liquidity outflows in a severely adverse economic environment.

As a result of the Firm’s substantial progress implementing improvements to its resolution readiness and other important developments that have occurred since the 2014 submission, including the Firm’s adherence to the ISDA Resolution Stay Protocol (the “ISDA Protocol”),¹ the Firm has adopted a single point of entry strategy as its Preferred Resolution Strategy for its 2015 Plan. Under this strategy, only MS Parent would enter insolvency proceedings and the Firm’s other Material Entities would either be sold or wound down on a solvent basis outside of standalone resolution proceedings. The Firm dedicated considerable efforts to developing this single point of entry strategy, building a new financial model and engaging resources throughout the entire Firm to reassess and update the Firm’s analysis and confirm the financial and operational feasibility of the strategy. Under the Preferred Resolution Strategy, the Firm is resolvable in the Hypothetical Resolution Scenario.

Overview of Preferred Resolution Strategy

In addition to the significant amount of capital and liquidity resources already positioned in the Material Entities, MS Parent maintains substantial assets that can be utilized for purposes of recapitalizing and providing liquidity support to its Material Entity subsidiaries after a stress event. Under the Hypothetical Resolution Scenario, if

¹ The ISDA Protocol limits a counterparty’s exercise of default rights under ISDA Master Agreements in certain circumstances, including defaults occurring as a consequence of invoking Special Resolution Regimes and those resulting from filing for protection under the U.S. Bankruptcy Code as long as Material Entities continue to perform their obligations under the ISDA Master Agreements and certain other conditions are satisfied. The ISDA Protocol has been adhered to by 18 global financial institutions, and is expected to be adhered to by additional market participants upon the issuance of regulations by the Supervisors.

an idiosyncratic stress event occurs and recovery is not possible, the Firm would use these resources to execute its Preferred Resolution Strategy:

- MS Parent would deploy its capital and liquidity resources to support its Material Entities in order to preserve their value, including by providing the additional capital and liquidity as needed in order to preserve the value of the Firm's Material Entities for MS Parent stakeholders and to permit orderly resolution of the Firm in a manner that minimizes systemic risk.
- After ensuring that the Material Entities have sufficient financial resources to execute the Preferred Resolution Strategy, MS Parent would enter proceedings under the Bankruptcy Code.
- None of the Firm's Material Entities would enter bankruptcy, insolvency or resolution proceedings, and the Material Entities' improved funding maturity structure would allow the Material Entities to meet payment obligations without selling assets at fire sale prices.
- Early in its bankruptcy proceeding, MS Parent would seek necessary court approvals that would meet the requirements of amendments being made to the Material Entities' financial contracts pursuant to the ISDA Protocol. These approvals would eliminate termination rights arising out of the commencement of MS Parent's bankruptcy proceeding.
- The Firm's Wealth Management business (together with MSBNA and its Institutional Securities Loan assets and Morgan Stanley Private Bank National Association ("MSPBNA")), significant parts of the Investment Management business and the Japanese Institutional Securities business, all of which are structured to avoid material losses and to be severable from the rest of the Firm, would be continued after the failure of MS Parent and, ultimately, sold. Those businesses would continue to operate without disruption to their Critical Operations or client services, and they would continue to meet customer and depositor obligations in the ordinary course of business.²

² Potential purchasers could include a broad range of buyers, including but not limited to global, national and regional financial institutions, private equity and hedge funds, and

- Each of the Institutional Securities business's U.S. and U.K. Material Operating Entities would be wound down in an orderly manner without commencement of insolvency or resolution proceedings and without requiring extraordinary government support. Access to the Critical Operations of the Institutional Securities business would be maintained while clients' assets would be transferred to other market participants upon client request, and portfolios of financial contracts would be serviced without default, or unwound or novated on a negotiated basis.
- During MS Parent's bankruptcy proceeding and the sale and wind-down of the Firm's Critical Operations and Core Business Lines, the Firm's operational capabilities would remain in place.

The Firm strongly believes that the Preferred Resolution Strategy is executable from a business, financial and operational point of view. The financial feasibility of the Preferred Resolution Strategy has been analyzed using conservative assumptions and detailed, robust capital and liquidity frameworks that are more severe than mandated resolution stress tests. The Firm has also taken and continues to take significant steps to ensure that its Preferred Resolution Strategy is operationally feasible, as described in Section 4 below.

other financial asset buyers such as insurance companies. Any buyer of the businesses or entities being sold would be able to provide the market with continued access to the Firm's current services.

Sale of Businesses

To help execute the business sales of the Wealth Management business (together with MSBNA and MSPBNA), the bulk of the Investment Management Business, and the Japanese Institutional Securities business, the Firm would utilize and expand upon the Firm's existing processes for managing strategic mergers, acquisitions and divestiture activity at the corporate level. The Firm would follow a three-phase process to execute the resolution sale strategies: (i) Preparation, (ii) Marketing, Diligence and Negotiations, and (iii) Post-Bankruptcy Auction and Closing. Exhibit 2 provides an illustrative overview of the anticipated process.

Exhibit 2: Illustrative Sale Process

Key Phases	Description
1 Preparation	<ul style="list-style-type: none">• Prepare summary balance sheet and P&L for disposal business• Prepare marketing materials, dataroom and refine valuation expectations• Prepare separation plan based on input from all relevant functional areas• Determine list of potential buyers
2 Marketing, Diligence and Negotiation	<ul style="list-style-type: none">• Contact potential buyers• Buyer diligence, including review of data and management meetings• Receive bids, analyze proposals, narrow list of bidders• Negotiate initial bid price, bidding procedures, and legal agreements with selected bidder
3 Post-Bankruptcy Auction and Closing	<ul style="list-style-type: none">• Conduct post-bankruptcy auction and select highest and best bid• Obtain Bankruptcy Court approval• Obtain required regulatory approvals and third-party consents• Close transaction

Institutional Securities Solvent Wind-Down Process

The Firm selected wind-down as its Preferred Resolution Strategy for the Institutional Securities business because, while a sale of some or all of the Institutional Securities business as a going concern might be possible, such a sale might be difficult.

Therefore, to ensure that the Institutional Securities business can be resolved in an orderly manner in a broad range of scenarios, the Firm has elected to demonstrate that its Institutional Securities Material Operating Entities could be wound down without being sold and without entering resolution proceedings.

The objective of the Institutional Securities business's resolution strategy is an orderly wind-down of its Material Operating Entities MSCO's, MSIP's, MSCS's, MSCG's and, to the extent necessary, MSMS's and MSBNA's Institutional Securities positions in a manner that maximizes value, minimizes cost and is least disruptive to the broader financial system and real economy. Strategies applicable to the wind-down of portfolios of the Institutional Securities business include:

- **Mature:** Positions mature and are fully performed, allowing the positions to self-liquidate within the applicable timeframe;
- **Transfer:** Movement of client assets or activities to an alternate provider;
- **Terminate:** Contract is terminated by either the Firm or the counterparty through the exercise of an existing contractual right;
- **Sell:** Outright asset inventory monetizations or close-out of short positions;
- **Novate:** Firm's side of the contract is assigned to a new counterparty (e.g., novation of non-risk neutral contract) or Firm's side of multiple contracts is assigned to a new counterparty (e.g., novation of relatively risk-neutral portfolio of multiple derivatives contracts, existing hedges and, potentially, cash asset inventory (which may or may not constitute hedges to derivatives)); and
- **Hold:** Inventory held, managed and ultimately matured, sold or novated over a longer time horizon to maximize value.

As stated previously, the financial feasibility of the Preferred Resolution Strategy has been analyzed using conservative assumptions and detailed, robust capital and liquidity frameworks that are more severe than mandated resolution stress tests. This analysis shows that, in the Hypothetical Resolution Scenario, the Institutional Securities Material Operating Entities could be wound down in an orderly manner.

Completion of the Resolution Process

Upon the completion of the resolution process, all of the Firm's Material Entities, Critical Operations and Core Business Lines would have been sold or wound down:

- The Wealth Management business (together with MSBNA and its Institutional Securities Loan assets and MSPBNA) would be sold.
- The bulk of the Investment Management business would be sold.
- The Japanese Institutional Securities business would be sold.
- The remainder of the Institutional Securities business would be wound down outside of proceedings.

At the conclusion of MS Parent's bankruptcy proceeding, the stakeholders of MS Parent would receive distributions of the residual value of the Firm in accordance with a plan of reorganization confirmed by the bankruptcy court presiding over the bankruptcy proceeding of MS Parent. After any remaining MS Parent assets are monetized or wound down and creditor claims are paid pursuant to the plan of reorganization, MS Parent would exit bankruptcy, be dissolved under state law and cease to exist.

Benefits of Preferred Resolution Strategy

Given all the enhancements the Firm has made to its financing and operational capabilities, the Firm strongly believes that its Preferred Resolution Strategy has the following significant advantages, among others:

- It preserves the value of Core Business Lines and Critical Operations by allowing them to be sold or wound down in an orderly fashion without their Material Entities entering insolvency or resolution proceedings.
- Wealth Management brokerage customers and prime brokerage customers retain seamless, full and timely access to their accounts and are fully protected during the execution of the Preferred Resolution Strategy, and neither MSBNA and MSPBNA depositors nor the FDIC's Deposit Insurance Fund suffer losses.
- All liabilities of Material Entities are paid as they become due, including liabilities to derivatives counterparties, which will either be paid as scheduled or through novations or consensual tear-ups.
- The early terminations of financial contracts based on cross-default rights, and related significant losses, are avoided.
- Secured funding counterparties are able to receive payment of cash without foreclosing on securities collateral, and securities lenders are able to receive their securities without foreclosing on cash collateral.
- No customer assets are trapped.

4 Structural Changes to the Firm to Facilitate Orderly Resolution

As noted above, the Firm has taken and will continue to take concrete, meaningful steps to ensure that it is resolvable, regardless of the stress scenario facing the Firm, and with a view to enhancing the Firm's ability to execute value-maximizing options for the orderly resolution of the Firm.

Set forth below are some of the steps the Firm is taking to facilitate its resolution:

Enhancing Capital and Funding Resources in Resolution

- As described above in Section 1, the Firm has substantially enhanced its capital and liquidity resources and its funding model to meet the Firm's needs in resolution, including:
 - Putting in place additional loss-absorbing capacity, so that taxpayers will not be required to absorb losses of the Firm in resolution.
 - Extending weighted average maturity of Material Entities' secured financing to be in excess of 120 days and further diversifying secured funding by significantly increasing the number of investors and imposing strict limits around expirations.
 - No longer relying on unsecured funding through commercial paper or secured funding of less liquid assets with 2a-7 funds.
 - No longer issuing MS Parent debt obligations with an initial maturity of less than one year.
 - Maintaining substantial liquidity reserves during BAU.

- The Firm is implementing a system to ensure deployment by MS Parent of adequate capital and liquidity support to Material Entities, preserving their value in a resolution scenario, including:
 - Establishing a robust resolution financial system including specified circumstances for deployment of capital and liquidity resources to support Material Entities in a stressed environment.
 - Developing processes for real-time monitoring of the relevant information.

Establishing a Clean Holding Company Structure

- The Firm is implementing a clean holding company structure to facilitate separability of MS Parent and the Material Entities and to allow for Material Entities to remain outside of resolution proceedings and continue operations after a bankruptcy filing by MS Parent.
 - As of July 1, 2015, MS Parent ceased issuing short-term debt, and has limited its derivatives exposure to external counterparties.
 - The Firm's subsidiaries do not guarantee obligations of MS Parent.

Establishing a Rational, Less Complex Legal Entity Structure

- The Firm has continued to analyze and rationalize its legal entity structure through changes aligning businesses and legal entities, including:
 - Maintaining and enhancing the severability of the Firm's Wealth Management, Investment Management and Japanese Institutional Securities businesses.
 - Maintaining separate retail and institutional broker-dealers.
 - Developing enhanced criteria for legal entity structure to ensure continued alignment of business lines and legal entities, which the Firm is using for alignment of its legal entity structure going forward.

- Reducing the number of consolidated legal entities significantly, with continuing focus on legal entity management and governance.

Amending Financial Contracts

- The Firm is in the process of amending its financial contracts to provide that early termination rights relating to the bankruptcy of MS Parent would be eliminated in connection with the resolution of the Firm as provided in the 2015 Plan, including:
 - Adhering to the ISDA Protocol which, when fully effective, will eliminate such early termination rights relating to the bankruptcy of MS Parent under ISDA Master Agreements between the Firm's adhering entities and counterparties that adhere to the Protocol, if obligations to counterparties are timely performed in full and contingent guarantee claims are recognized as administrative claims in MS Parent's bankruptcy proceeding.
 - Expected regulations encouraging adherence to the ISDA Protocol should ensure broad applicability of its provisions to the Firm's counterparties.
 - Participating in industry efforts, to the extent necessary, to amend other financial contracts to provide waivers of early termination rights similar to those contained in the ISDA Protocol, the adherence to which is also expected to be the subject of supervisory regulation.
 - Analyzing and remediating its financial contracts with cross-defaults, certain other early termination provisions and other terms that may present resolution issues.

Ensuring Continuity of, and Access to, Data and Services Through Structural Changes

- The Firm has made and will continue to make significant structural changes to assure continuity of access in resolution to data, personnel, infrastructure and internal services, including:
 - Effecting structural changes to the Firm's operating model to embed recovery and resolution concepts into the Firm's core service principles.
 - Relocating shared services resources from Material Operating Entities to resolution-resilient shared services entities ("SSEs") that:
 - Will have the segregated resources to continuously provide internal data and services in resolution.
 - Are not subject to financial losses or risks because, among other things, they are not in Material Operating Entity ownership chains, do not directly hold risk positions of the Firm's businesses, strictly adhere to corporate separateness principles, do not provide services outside the Firm, and maintain cash accounts at non-Firm depositories.
 - Will charge Material Operating Entities individually for services provided with the contractual protection of service level agreements ("SLAs").
 - Will rely on designated personnel centralized in the SSEs.
 - Will prioritize critical services for execution of the Firm's Preferred Resolution Strategy, supported by financial modeling and planning to assure payment for such services.
 - Developing plans to accelerate the relocation of internally provided services to the extent necessary to assure their continuity in resolution, including through agreements providing for pre-resolution transfer.
 - Entering into SLAs and interaffiliate cross-licensing agreements.

- The Firm also has taken and will continue to take steps to assure continued access to external services, including:
 - Reviewing and improving agreements with external service providers for resolution and other business purposes.
 - Undertaking contingency planning to ensure continued access to financial market utilities and agent banks.

Enhancing Operational Capabilities for Resolution Preparedness

- The Firm has significantly expanded its operational capabilities that are critical to the Firm's operational resilience and contingency planning in circumstances where capital and liquidity buffers are strained and that are critical to the resiliency of the financial system as a whole, such as the ability to produce timely data, including:
 - Developing capabilities for gathering and reporting data in an expedient and efficient manner.
 - Augmenting capabilities to map interaffiliate and third-party operational relationships.
 - Enhancing processes for managing, identifying and valuing collateral.
 - Enhancing processes for tracking obligations and exposures associated with payment, clearing and settlement activities.
- The Firm has developed plans for rapid Institutional Securities customer account transfers to alternative market participants.
- The Firm has developed detailed procedures improving the Firm's ability to respond to stress and resolution scenarios.
 - Produced legal-entity specific "playbooks" for required governance actions.
 - Developed plans for communications with various stakeholders during stress and resolution.

Other Infrastructure Initiatives in Order to Enhance Resolvability

- The Firm has developed other infrastructure and achieved substantial enhancements to the Firm's capabilities to make decisions and execute processes in resolution, including:
 - Implementing a system to project capital and liquidity needs during resolution and embedding this system into the Firm's technology architecture.
 - Creating Qualified Financial Contract ("QFC") analytical tools covering early termination and other contractual provisions.
- The Firm has taken initiatives to make additional infrastructure changes to enhance its resolvability and to embed processes and controls to ensure that its activities continue to comply with the resolvability objectives, including new products, new legal entities and BAU legal entity risk assessments.

5 Summary of Financial Information Regarding Assets, Liabilities, Capital and Major Funding Sources

Exhibit 3 shows the Firm's Consolidated Statement of Financial Position from the March 31, 2015 Form 10-Q.

Exhibit 3: Morgan Stanley Financial Summary – Balance Sheet, March 31, 2015 (dollars in millions)

	March 31, 2015	December 31, 2014
Assets		
Cash and due from banks (\$43 and \$45 at March 31, 2015 and December 31, 2014, respectively, related to consolidated variable interest entities, generally not available to the Company).....	\$ 19,683	\$ 21,381
Interest bearing deposits with banks	20,610	25,603
Cash deposited with clearing organizations or segregated under federal and other regulations or requirements (\$156 and \$149 at March 31, 2015 and December 31, 2014, respectively, related to consolidated variable interest entities, generally not available to the Company)	40,340	40,607
Trading assets, at fair value (\$134,954 and \$127,342 were pledged to various parties at March 31, 2015 and December 31, 2014, respectively) (\$905 and \$966 at March 31, 2015 and December 31, 2014, respectively, related to consolidated variable interest entities, generally not available to the Company)	259,160	256,801
Investment securities (includes \$67,830 and \$69,216 at fair value at March 31, 2015 and December 31, 2014, respectively)	69,462	69,316
Securities received as collateral, at fair value	22,328	21,316
Securities purchased under agreements to resell (includes \$1,112 and \$1,113 at fair value at March 31, 2015 and December 31, 2014, respectively)	91,232	83,288
Securities borrowed	150,365	136,708
Customer and other receivables	56,733	48,961
Loans:		
Held for investment (net of allowances of \$165 and \$149 at March 31, 2015 and December 31, 2014, respectively).....	60,446	57,119
Held for sale	8,257	9,458
Other investments (\$449 and \$467 at March 31, 2015 and December 31, 2014, respectively, related to consolidated variable interest entities, generally not available to the Company).....	4,321	4,355
Premises, equipment and software costs (net of accumulated depreciation of \$6,408 and \$6,219 at March 31, 2015 and December 31, 2014, respectively) (\$190 and \$191 at March 31, 2015 and December 31, 2014, respectively, related to consolidated variable interest entities, generally not available to the Company).....	6,141	6,108
Goodwill	6,597	6,588
Intangible assets (net of accumulated amortization of \$1,896 and \$1,824 at March 31, 2015 and December 31, 2014, respectively) (includes \$5 and \$6 at fair value at March 31, 2015 and December 31, 2014, respectively).....	3,064	3,159
Other assets (\$59 at March 31, 2015 and December 31, 2014, related to consolidated variable interest entities, generally not available to the Company)	10,360	10,742
Total assets	\$829,099	\$801,510

Liabilities		
Deposits	135,815	133,544
Short-term borrowings (includes \$2,468 and \$1,765 at fair value at March 31, 2015 and December 31, 2014, respectively)	2,879	2,261
Trading liabilities, at fair value (\$1 at March 31, 2015 and December 31, 2014, related to consolidated variable interest entities, generally non-recourse to the Company)	125,057	107,381
Obligation to return securities received as collateral, at fair value	27,384	25,685
Securities sold under agreements to repurchase (includes \$605 and \$612 at fair value at March 31, 2015 and December 31, 2014, respectively)	61,488	69,949
Securities loaned	25,527	25,219
Other secured financings (includes \$4,241 and \$4,504 at fair value at March 31, 2015 and December 31, 2014, respectively) (\$321 and \$348 at March 31, 2015 and December 31, 2014, respectively, related to consolidated variable interest entities, generally non-recourse to the Company)	12,207	12,085
Customer and other payables	190,175	181,069
Other liabilities and accrued expenses (\$68 and \$72 at March 31, 2015 and December 31, 2014, respectively, related to consolidated variable interest entities, generally non-recourse to the Company)	17,556	19,441
Long-term borrowings (includes \$31,261 and \$31,774 at fair value at March 31, 2015 and December 31, 2014, respectively)	155,545	152,772
Total liabilities	<u>753,633</u>	<u>729,406</u>
Commitments and contingent liabilities (see Note 11)	—	—
Equity		
Morgan Stanley shareholders' equity:		
Preferred stock (see Note 13)	7,520	6,020
Common stock, \$0.01 par value:		
Shares authorized: 3,500,000,000 at March 31, 2015 and December 31, 2014;		
Shares issued: 2,038,893,979 at March 31, 2015 and December 31, 2014;		
Shares outstanding: 1,971,443,739 and 1,950,980,142 at March 31, 2015 and December 31, 2014, respectively	20	20
Additional paid-in capital	23,355	24,249
Retained earnings	46,740	44,625
Employee stock trusts	2,431	2,127
Accumulated other comprehensive loss	(1,266)	(1,248)
Common stock held in treasury, at cost, \$0.01 par value:		
Shares outstanding: 67,450,240 and 87,913,837 at March 31, 2015 and December 31, 2014, respectively	(2,207)	(2,766)
Common stock issued to employee stock trusts	(2,431)	(2,127)
Total Morgan Stanley shareholders' equity	<u>74,162</u>	<u>70,900</u>
Nonredeemable noncontrolling interests	1,304	1,204
Total equity	<u>75,466</u>	<u>72,104</u>
Total liabilities and equity	<u>\$ 829,099</u>	<u>\$ 801,510</u>

The Federal Reserve Board establishes capital requirements for the Firm, including well-capitalized standards, and evaluates the Firm's compliance with such capital requirements. The Office of the Comptroller of the Currency establishes similar capital requirements and standards for the Firm's U.S. subsidiary banks.

The U.S. banking regulators have comprehensively revised their risk-based and leverage capital framework to implement many aspects of the Basel III capital standards established by the Basel Committee. The Firm and its U.S. subsidiary banks became subject to U.S. Basel III on January 1, 2014.

As an "Advanced Approaches" banking organization, the Firm is required to compute risk-based capital ratios under both the U.S. Basel III Standardized approach framework and U.S. Basel III Advanced approach framework. The U.S. Basel III Standardized Approach modifies certain U.S. Basel I based methods for calculating RWAs and prescribes new standardized risk weights for certain types of assets and exposures. The Firm is required to calculate and hold capital against credit, market and operational RWAs. RWAs reflect both on- and off-balance sheet risk of the Firm. The Firm is subject to a "capital floor" such that these regulatory capital ratios currently reflect the lower of the ratios computed under each approach, taking into consideration applicable transitional provisions.

Exhibit 4 presents the Firm's capital measures under the U.S. Basel III Advanced Approach transitional rules and the minimum regulatory capital ratios, as of March 31, 2015. The Firm's Common Equity Tier 1 risk-based capital ratio was 13.1% and Tier 1 risk-based capital ratio was 14.7%. The "capital floor" is represented by the U.S. Basel III Advanced Approach.

Exhibit 4: Morgan Stanley Capital Measures

	At March 31, 2015			At December 31, 2014		
	Amount	Ratio	Minimum Regulatory Capital Ratio(1)	Amount	Ratio	Minimum Regulatory Capital Ratio(1)
(dollars in millions)						
Regulatory capital and capital ratios:						
Common Equity Tier 1 capital . . .	\$ 57,342	13.1%	4.5%	\$ 57,324	12.6%	4.0%
Tier 1 capital	64,746	14.7%	6.0%	64,182	14.1%	5.5%
Total capital	76,924	17.5%	8.0%	74,972	16.4%	8.0%
Tier 1 leverage	—	7.8%	4.0%	—	7.9%	4.0%
Assets:						
RWAs	\$438,964	N/A	N/A	\$456,008	N/A	N/A
Adjusted average assets(2)	827,054	N/A	N/A	810,524	N/A	N/A

6 Description of Core Business Lines

All aspects of the Firm's businesses are highly competitive, and the Firm expects them to remain so in the future. The Firm competes in the United States and globally for clients, market share and human talent in all aspects of its Core Business Lines. The Firm competes with commercial banks, brokerage firms, insurance companies, electronic trading and clearing platforms, financial data repositories, mutual fund sponsors, hedge funds, energy companies and other companies offering financial or ancillary services in the United States and globally.

Institutional Securities

The Firm provides financial advisory and capital-raising services to a diverse group of corporate and other institutional clients globally, primarily through five Material Operating Entities. The Firm, primarily through these entities, also conducts sales and trading activities worldwide, as principal and agent, and provides related financing services on behalf of institutional investors.

Investment banking and corporate lending activities include:

- Capital Raising
- Financial Advisory Services
- Corporate Lending

Sales and trading activities include:

- Institutional Equity
- Fixed Income and Commodities
- Research
- Investments

Wealth Management

The Firm's Wealth Management business provides comprehensive financial services to individual investors and small-to-medium-sized businesses and institutions through a network of almost 16,000 global representatives in over 600 locations as of March 31,

2015. As of March 31, 2015, the Firm's Wealth Management business had \$2,047 billion in client assets.

Wealth Management provides clients with a comprehensive array of financial solutions, including products and services from the Firm and third-party providers, such as other financial institutions, insurance companies and mutual fund families. Wealth Management provides:

- Brokerage and investment advisory services tracking various types of investments
- Fixed income principal trading, which primarily facilitates clients' trading or investments in such securities
- Plan administration for education savings programs, financial and wealth planning services, and annuity and other insurance products
- Access to cash management services through various banks and other third parties, as well as lending products, such as securities-based lending, mortgage loans and home equity lines of credit through affiliates
- Access to cash management and commercial credit solutions to qualified small- and medium-sized businesses in the United States
- Individual and corporate retirement solutions, (including individual retirement accounts and 401(k) plans), and U.S. and global stock plan services to corporate executives and businesses

Investment Management

The Firm's Investment Management business offers clients a broad array of equity, fixed income, liquidity, and alternative investments, including fund of funds and single manager strategies. Portfolio managers located in the United States, Europe and Asia manage investment products across the asset class, geographic and capitalization spectrum.

Investment Management delivers its strategies as an advisor through a number of investment vehicles, including separately managed accounts, mutual funds (open and

closed end), limited partnerships, sociétés d'investissement à capital variable (“SICAVs”), and collective and pooled trusts. It also provides sub-advisory services.

Investment Management distributes its products through affiliated and unaffiliated broker-dealers, retirement plan platforms and directly. Clients include individual investors and institutional investors, including corporations, pension plans, endowments, foundations, sovereign wealth funds, insurance companies and banks. The client base is both onshore and offshore.

Investment Management typically acts as general partner of, and investment adviser to, its alternative investment funds and typically commits to invest a minority of the capital of such funds with subscribing investors contributing the majority.

Core Business Line Financial Information

The following exhibit summarizes the revenues and income for each of the Core Business Lines in the first quarter of 2015:

Exhibit 5: Business Line Revenue and Income

Three Months Ended March 31, 2015	Institutional Securities	Wealth Management	Investment Management	Intersegment Eliminations	Total
	(dollars in millions)				
Total non-interest revenues(1).....	\$ 5,546	\$ 3,145	\$ 674	\$ (54)	\$ 9,311
Interest income	870	737	1	(124)	1,484
Interest expense	958	48	6	(124)	888
Net interest	(88)	689	(5)	—	596
Net revenues	<u>\$ 5,458</u>	<u>\$ 3,834</u>	<u>\$ 669</u>	<u>\$ (54)</u>	<u>\$ 9,907</u>
Income from continuing operations before income taxes	\$ 1,813	\$ 855	\$ 187	\$ —	\$ 2,855
Provision for income taxes(2).....	6	320	61	—	387
Income from continuing operations.....	<u>1,807</u>	<u>535</u>	<u>126</u>	<u>—</u>	<u>2,468</u>
Discontinued operations:					
Income (loss) from discontinued operations before income taxes.....	(8)	—	—	—	(8)
Provision for (benefit from) income taxes	(3)	—	—	—	(3)
Income (loss) from discontinued operations	(5)	—	—	—	(5)
Net income.....	<u>1,802</u>	<u>535</u>	<u>126</u>	<u>—</u>	<u>2,463</u>
Net income applicable to nonredeemable noncontrolling interests.....	52	—	17	—	69
Net income applicable to Morgan Stanley	<u>\$ 1,750</u>	<u>\$ 535</u>	<u>\$ 109</u>	<u>\$ —</u>	<u>\$ 2,394</u>

(1) In certain management fee arrangements, the Company is entitled to receive performance-based fees (also referred to as incentive fees) when the return on assets under management exceeds certain benchmark returns or other performance targets. In such arrangements, performance fee revenue is accrued (or reversed) quarterly based on measuring account fund performance to date versus the performance benchmark stated in the investment management agreement. The amount of cumulative performance-based fee revenue at risk of reversing if fund performance falls below stated investment management agreement benchmarks was approximately \$670 million at March 31, 2015 and approximately \$634 million at December 31, 2014 (see Note 2 to the Company's consolidated financial statements in the 2014 Form 10-K).

(2) The Company's effective tax rate from continuing operations for the quarter ended March 31, 2015 included a net discrete tax benefit of \$564 million (within the Company's Institutional Securities business segment).

The following exhibit summarizes the pre-tax profit margins, average common equity, and return on average common equity from continuing operations for each of the Core Business Lines in the first quarter of 2015:

Exhibit 6: Business Line Profit Margin, Average Common Equity, and Return on Average Common Equity

	Three Months Ended March 31,	
	2015	2014
Pre-tax profit margin(1):		
Institutional Securities	33%	30%
Wealth Management	22%	19%
Investment Management	28%	36%
Consolidated	29%	26%
Average common equity (dollars in billions)(2):		
Institutional Securities	\$ 37.0	\$ 30.8
Wealth Management	10.3	11.3
Investment Management	2.3	2.6
Parent capital	16.0	18.6
Consolidated average common equity	<u>\$ 65.6</u>	<u>\$ 63.3</u>
Return on average common equity from continuing operations(3):		
Institutional Securities	18.7%	12.2%
Wealth Management	18.9%	14.0%
Investment Management	19.4%	18.6%
Consolidated	14.2%	9.2%

(1) Pre-tax profit margin is a non-generally accepted accounting principle (“non-GAAP”) financial measure that the Company considers to be a useful measure to the Company and investors to assess operating performance.

Percentages represent income from continuing operations before income taxes as a percentage of net revenues.

(2) The computation of average common equity for each business segment is determined using the Company’s Required Capital framework, an internal capital adequacy measure (see “Liquidity and Capital Resources—Regulatory Requirements—Required Capital” in the Form 10-Q). Average common equity for each business segment is a non-GAAP financial measure that the Company considers to be a useful measure to the Company and investors to assess capital adequacy.

(3) The calculation of the return on average common equity from continuing operations uses income from continuing operations applicable to the Company less preferred dividends as a percentage of average common equity. The annualized return on average common equity from continuing operations and annualized return on average common equity from continuing operations, excluding DVA, and excluding DVA and the net discrete tax benefit (measuring \$564 million attributable to the Institutional Securities segment, primarily associated with the repatriation of non-U.S. earnings at a cost lower than originally estimated due to an internal restructuring to simplify the Company’s legal entity organization in the U.K.), are non-GAAP financial measures that the Company considers useful for investors to allow better comparability of period-to-period operating performance. To determine the return on average common equity from continuing operations, excluding DVA, and excluding DVA and the net discrete tax benefit, both the numerator and denominator were adjusted to exclude those items. The calculation of each business segment’s return on average common equity uses income from continuing operations applicable to Morgan Stanley less preferred dividends as a percentage of each business segment’s average common equity. The effective tax rates used in the computation of business segments’ return on average common equity were determined on a separate legal entity basis.

7 Description of Material Entities

The bulk of the Firm’s activities are conducted through its “Material Entities.”

“Material Entity” is defined in the regulations implementing Section 165(d) of the Dodd-Frank Act as a subsidiary or foreign office of the Firm that is significant to the Firm’s core businesses and critical activities. The Firm has identified seventeen Material Entities for purposes of the Plan. The Firm’s Material Entities were determined to ensure that a substantial majority of the Firm’s activities would be captured in the Plan. The Firm’s Material Entities are listed in Exhibit 7 below.

Exhibit 7: Material Entities

Name	Short Name	Country	Type
Morgan Stanley & Co. LLC	MSCO	U.S.	Broker-dealer, futures commission merchant
Morgan Stanley & Co. International plc	MSIP	U.K.	Broker-dealer
Morgan Stanley MUFG Securities Co., Ltd.	MSMS	Japan	Broker-dealer
Morgan Stanley Capital Services LLC	MSCS	U.S.	Swap dealer
Morgan Stanley Capital Group Inc.	MSCG	U.S.	Swap dealer
Morgan Stanley Smith Barney LLC	MSSB	U.S.	Broker-dealer
Morgan Stanley Bank, N.A.	MSBNA	U.S.	FDIC-insured national bank
Morgan Stanley Investment Management, Inc.	MSIM Inc.	U.S.	Investment advisor
Morgan Stanley Investment Management Limited	MSIM Ltd.	U.K.	Investment advisor
Morgan Stanley Services Group Inc.	MSSG	U.S.	Service company
MS Financing Inc.	MSFI	U.S.	Service company
Morgan Stanley International Incorporated	MSII	U.S.	Service company
Morgan Stanley Smith Barney Financing LLC	MSSBF	U.S.	Service company
Morgan Stanley Smith Barney FA Notes Holdings LLC	MSSBFA	U.S.	Service company
Morgan Stanley UK Limited	MSUKL	U.K.	Service company
Morgan Stanley UK Group	MSUKG	U.K.	Service company
Morgan Stanley Japan Group Co., Ltd.	MSJG	Japan	Service company

Material Operating Entities

Institutional Securities Entities

Institutional Securities operates its non-bank businesses primarily on five Material Operating Entities as described below. It also operates banking businesses on one Material Operating Entity, MSBNA.

Under the Preferred Resolution Strategy, the Institutional Securities business's Material Operating Entities would be wound down outside of proceedings, with the exception of MSMS, which would be sold as part of the Firm's Japanese Institutional Securities business, and MSBNA, which would be sold as part of the Wealth Management business.

MSCO

MSCO operates as the Firm's primary institutional U.S. broker-dealer. MSCO engages in the provision of financial services to corporations, governments, financial institutions, and institutional investors. Its businesses include securities underwriting and distribution; financial advisory services, including advice on mergers and acquisitions, restructurings, real estate and project finance; sales, trading, financing and market-making activities in equity securities and related products, and fixed income securities and related products including foreign exchange and investment activities. To conduct this business, MSCO maintains various regulatory registrations, including with the Securities and Exchange Commission ("SEC") as a broker-dealer and with the Commodity Futures Trading Commission ("CFTC") as a futures commission merchant and provisionally as a swap dealer.

As of December 31, 2014, total assets equaled \$321.8 billion.

MSIP

MSIP operates as the Firm's main European broker-dealer and is a U.K. authorized financial services firm whose principal activity is the provision of financial services to corporations, governments and financial institutions. MSIP's services include 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. MSIP is authorized by the Prudential Regulation Authority (“PRA”) and regulated by the Financial Conduct Authority and the PRA, and is provisionally registered with the CFTC as a swap dealer.

As of December 31, 2014, total assets equaled \$219.5 billion.

MSMS

MSMS is the Firm’s Japanese broker-dealer, operated as a securities joint venture with Mitsubishi UFJ Financial Group, Inc. (“MUFG”). The Firm has a 51% voting interest in MSMS and a 40% economic interest in the overall joint venture with MUFG, which includes MSMS and Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. MSMS provides sales and trading, capital markets, and research services to corporations and institutional clients. MSMS is primarily regulated by the Japanese Financial Services Agency and is provisionally registered with the CFTC as a swap dealer.

As of December 31, 2014, total assets equaled \$36.3 billion.

MSCS

MSCS is the Firm’s primary OTC derivatives dealer and also centrally manages the market risk associated with a substantial amount of the Firm’s OTC derivatives businesses, including transactions cleared by central clearinghouses. Significant products traded include: equity swaps; interest rate derivatives; credit derivatives and FX derivatives, in each case as a dealer. MSCS also holds equities, bonds and listed derivatives as hedges to its OTC derivatives positions. MSCS is provisionally registered with the CFTC as a swap dealer.

As of December 31, 2014, total assets equaled \$57.5 billion.

MSCG

MSCG conducts most of the Firm’s Commodities business. MSCG engages mainly in sales, trading and market-making activities in various commodities and, to a lesser extent, foreign exchange products. Commodities traded include, but are not limited to, financial and physical exposures in oil liquids, electricity, natural gas, emissions products, base/precious metals as well as indices. MSCG also trades both listed

products that may be cleared through a central counterparty (“CCP”) or through affiliates, as well as over-the-counter instruments that may be settled directly with the counterparty. MSCG conducts certain power generation and energy trading activities and owns electricity-generating facilities in the United States. The Firm has entered into an agreement to sell the Firm’s global oil merchanting business. The transaction is expected to close in the second half of 2015, subject to, among other conditions, regulatory approvals in the United States, EU and certain other jurisdictions. MSCG is provisionally registered with the CFTC as a swap dealer.

As of December 31, 2014, total assets equaled \$16.2 billion.

Exhibit 8: Institutional Securities Income Statement Information

INSTITUTIONAL SECURITIES
INCOME STATEMENT INFORMATION

	Three Months Ended March 31,	
	2015	2014
	(dollars in millions)	
Revenues:		
Investment banking	\$ 1,173	\$ 1,136
Trading	3,422	2,707
Investments.....	112	109
Commissions and fees	673	678
Asset management, distribution and administration fees	76	81
Other	90	191
Total non-interest revenues.....	<u>5,546</u>	<u>4,902</u>
Interest income	870	881
Interest expense	958	1,106
Net interest	<u>(88)</u>	<u>(225)</u>
Net revenues	<u>5,458</u>	<u>4,677</u>
Compensation and benefits.....	2,026	1,853
Non-compensation expenses	1,619	1,408
Total non-interest expenses	<u>3,645</u>	<u>3,261</u>
Income from continuing operations before income taxes	1,813	1,416
Provision for income taxes	6	426
Income from continuing operations.....	<u>1,807</u>	<u>990</u>
Discontinued operations:		
Income (loss) from discontinued operations before income taxes.....	(8)	(3)
Provision for (benefit from) income taxes.....	(3)	(1)
Income (losses) from discontinued operations	<u>(5)</u>	<u>(2)</u>
Net income.....	1,802	988
Net income applicable to nonredeemable noncontrolling interests	52	25
Net income applicable to Morgan Stanley.....	<u>\$ 1,750</u>	<u>\$ 963</u>
Amounts applicable to Morgan Stanley:		
Income from continuing operations.....	\$ 1,755	\$ 965
Income (loss) from discontinued operations.....	(5)	(2)
Net income applicable to Morgan Stanley.....	<u>\$ 1,750</u>	<u>\$ 963</u>

Wealth Management Entity

Wealth Management operates its non-bank business primarily on one U.S. broker-dealer entity, MSSB. Wealth Management also operates banking businesses on one Material Operating Entity, MSBNA and, to a lesser extent, a second U.S. insured depository institution, MSPBNA.

Under the Preferred Resolution Strategy, the MSSB would be sold, together with its Material Service Entities, Morgan Stanley Smith Barney Financing LLC (“MSSBF”) and Morgan Stanley Smith Barney FA Notes Holdings LLC (“MSSBFA”), and MSBNA.

MSSB

MSSB is a U.S. registered broker-dealer that provides comprehensive financial services to clients through a network of Financial Advisors (“FAs”) in locations across the United States. MSSB FAs serve primarily non-institutional investors with an emphasis on ultra-high net worth, high net worth and affluent investors, providing solutions designed to accommodate individual investment objectives, risk tolerance and liquidity needs. MSSB is registered with the SEC as a broker-dealer and as an investment adviser. As of September 5, 2014, MSSB deregistered as a futures commission merchant. However, it remains registered as an introducing broker with the CFTC and introduces futures business to MSCO.

As of December 31, 2014, total assets equaled \$31.6 billion.

Exhibit 9: Wealth Management Income Statement Information

**WEALTH MANAGEMENT
INCOME STATEMENT INFORMATION**

	Three Months Ended March 31,	
	2015	2014(1)
(dollars in millions)		
Revenues:		
Investment banking.....	\$ 192	\$ 181
Trading.....	232	275
Investments.....	2	4
Commissions and fees.....	526	540
Asset management, distribution and administration fees.....	2,115	2,008
Other.....	78	63
Total non-interest revenues.....	<u>3,145</u>	<u>3,071</u>
Interest income.....	737	581
Interest expense.....	48	43
Net interest.....	<u>689</u>	<u>538</u>
Net revenues.....	<u>3,834</u>	<u>3,609</u>
Compensation and benefits.....	2,225	2,167
Non-compensation expenses.....	754	756
Total non-interest expenses.....	<u>2,979</u>	<u>2,923</u>
Income from continuing operations before income taxes.....	855	686
Provision for income taxes.....	320	265
Income from continuing operations.....	<u>535</u>	<u>421</u>
Net income.....	<u>535</u>	<u>421</u>
Net income applicable to Morgan Stanley.....	<u>\$ 535</u>	<u>\$ 421</u>

(1) On October 1, 2014, the Managed Futures business was transferred from the Company's Wealth Management business segment to the Company's Investment Management business segment. All prior-period amounts have been recast to conform to the current year's presentation.

MSBNA

MSBNA is a U.S. insured depository institution. MSBNA's business includes both Institutional Securities and Wealth Management products and services. MSBNA provides credit products, on a secured and unsecured basis, principally to the Firm's Institutional Securities and Wealth Management clients. Deposit products are offered principally to the Wealth Management clients. MSBNA maintains an investment portfolio of high quality investment securities, and is also the entity from which a significant portion of the Firm's FX risk is managed. MSBNA is provisionally registered with the CFTC as a swap dealer and is regulated by the Office of the Comptroller of the Currency ("OCC").

As of December 31, 2014, total assets equaled \$125.5 billion.

Investment Management Entities

The traditional asset management business operates its business primarily on two material entities, MSIM Inc. and MSIM Ltd.

Under the Preferred Resolution Strategy, the Investment Management business's Material Operating Entities would be sold.

MSIM Inc.

MSIM Inc. operates as a U.S. investment advisor, commodity pool operator and commodity-trading advisor. It provides discretionary and non-discretionary investment and risk-management solutions to a diverse client base, which includes government entities, investment companies, pension plans, institutions and corporations worldwide. Its investment strategies span the risk/return spectrum across geographies, investment styles and asset classes, including equity, fixed income, liquidity and alternatives. MSIM Inc. offers advisory services as to the appropriate allocation of assets among multiple separate accounts and/or investment companies or other pooled investment vehicles such as, among others, mutual funds, collective trusts and unregistered funds. MSIM Inc. is registered as an investment adviser with the SEC and as a commodity pool operator and commodity-trading advisor with the CFTC.

As of December 31, 2014, total assets equaled \$1.6 billion.

MSIM Ltd.

MSIM Ltd. is a U.K. authorized financial services firm that engages in portfolio management services on a discretionary basis for institutional clients and pooled vehicles. It also provides distribution services (via a network of third-party intermediaries) for sponsored pooled vehicles. Its investment strategies are focused on equity, fixed income, asset allocation and alternative investments. MSIM Ltd. is primarily regulated by the U.K. Financial Conduct Authority.

As of December 31, 2014, total assets equaled \$528 million.

Exhibit 10: Investment Management Income Statement Information

**INVESTMENT MANAGEMENT
INCOME STATEMENT INFORMATION**

	Three Months Ended March 31,	
	2015	2014(1)
	(dollars in millions)	
Revenues:		
Investment banking	\$ —	\$ 4
Trading	3	(20)
Investments.....	152	246
Asset management, distribution and administration fees	514	486
Other.....	5	40
Total non-interest revenues	<u>674</u>	<u>756</u>
Interest income	1	1
Interest expense	6	5
Net interest	<u>(5)</u>	<u>(4)</u>
Net revenues.....	<u>669</u>	<u>752</u>
Compensation and benefits.....	273	286
Non-compensation expenses	209	198
Total non-interest expenses	<u>482</u>	<u>484</u>
Income from continuing operations before income taxes	187	268
Provision for income taxes	61	94
Income from continuing operations.....	<u>126</u>	<u>174</u>
Discontinued operations:		
Income from discontinued operations before income taxes	—	1
Provision for (benefit from) income taxes.....	—	—
Income from discontinued operations	<u>—</u>	<u>1</u>
Net income.....	126	175
Net income applicable to nonredeemable noncontrolling interests	17	54
Net income applicable to Morgan Stanley	<u>\$ 109</u>	<u>\$ 121</u>
Amounts applicable to Morgan Stanley:		
Income from continuing operations.....	\$ 109	\$ 120
Income from discontinued operations	—	1
Net income applicable to Morgan Stanley	<u>\$ 109</u>	<u>\$ 121</u>

(1) On October 1, 2014, the Managed Futures business was transferred from the Company's Wealth Management business segment to the Company's Investment Management business segment. All prior-period amounts have been recast to conform to the current year's presentation.

Material Service Entities

Material Service Entities provide support services, functions, and/or resources that are significant to Material Operating Entities, in support of Core Business Lines and Critical Operations. MS Parent provides capital and liquidity support to the Material Service Entities.

Under the Preferred Resolution Strategy, MSSBF and MSSBFA would be sold as part of the Firm's Wealth Management business, MSJG would be sold as part of the Firm's Japanese Institutional Securities business, and the rest of the Material Service Entities would be wound down outside of proceedings.

MSSG

Morgan Stanley Services Group Inc. ("MSSG") provides professional services including technology and data ("T&D"), business development, HR, and accounting to Firm affiliates. MSSG holds leasehold improvements and related assets for offices in New Jersey and data centers located in Virginia and New Jersey.

MSFI

Morgan Stanley Financing Inc.'s ("MSFI's") main function is the financing of fixed assets in North America. MSFI indirectly owns and leases properties in New York State for the use by the Firm's operating businesses.

MSII

Morgan Stanley International Incorporated ("MSII") acts as an employment company that is responsible for the payment of all compensation and benefits due to U.S. employees working in the United Kingdom. These employees are employed by MSII and are seconded to a number of the Firm's U.K. operating entities.

MSSBF

MSSBF's primary activities are to hold real estate leases for MSSB's branch offices and finance fixed assets for Wealth Management. Its activities are primarily conducted in the United States.

MSSBFA

MSSBFA engages in the administration of notes related to the recruiting and retention of MSSB FAs and certain FA compensation programs. Its activities are primarily conducted in the United States.

MSUKG

Morgan Stanley UK Group's ("MSUKG's") primary service is to provide physical workspace to the Firm employees residing in the United Kingdom who support the Firm's U.K. entities including MSIP and MSIM Ltd. The provided physical workspace is all located in the United Kingdom and is leased (not owned) by MSUKG. MSUKG provides a full range of property services in support, including physical security to all of the Firm's U.K. entities. It also holds assets relating to leasehold improvements and a small balance of T&D equipment.

MSUKL

Morgan Stanley UK Limited ("MSUKL") acts as an employment company that is responsible for the payment of all remuneration and benefits due to the Firm employees residing in the United Kingdom who support the Firm's U.K. entities. These employees are provided to a number of the Firm's U.K. operating entities. As part of its provision of employment services, MSUKL is the contractual counterparty (the sponsoring employer) to the Firm's pension plan in the United Kingdom.

MSJG

Morgan Stanley Japan Group Co., Ltd. ("MSJG") provides information technology, administration and personnel-related services including human resources, payroll, welfare, professional education and training to Firm affiliates in Japan.

Interconnectedness

As stated previously, the Firm's legal structure facilitates a rapid and orderly separation of Wealth Management, Investment Management and the Japan JV interests. Each Core Business Line operates largely on a distinct set of Material Entities,³ the Firm's Japan business is operated as a joint venture with MUFG, and each Core Business Line has clean ownership structures supporting separability.

While some level of interconnectedness between Material Entities is inherent in a global business such as the Firm, a core part of resolution planning is to ensure that such relationships are rational and would not impede the Firm's orderly resolution.

There are broadly three types of interconnection relationships:

- **Funding Relationships.** Material Entities may have funding relationships with affiliates in which an entity raises funds and lends those funds to its affiliate. Examples include unsecured debt (e.g., long-term debt) and equity funding, and secured funding (e.g., repurchase agreements, securities lending).
- **Service Relationships.** Material Entities may have service relationships with affiliates in which an entity obtains operational resources (e.g., personnel, real estate) and then uses those resources to support the operations of an affiliate. Examples include clearing and settlement, technology, facilities and payroll services.
- **Transactional Relationships.** Material Entities may have transactional relationships with affiliates in which an entity maintains direct access to markets and then acts as principal to intermediate such access for an affiliate. Examples include securities, listed derivatives, OTC derivatives and foreign exchange markets.

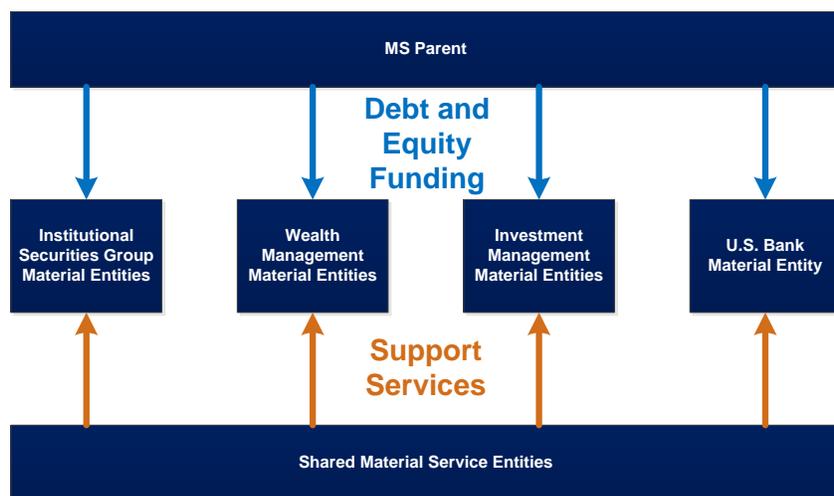
³ The primary exception is MSBNA, which offers both Institutional Securities and Wealth Management products and services. As an insured depository institution, MSBNA's interconnections with the Institutional Securities business are at arm's-length pursuant to regulatory requirements. These connections therefore would not impede the sale of MSBNA with the Wealth Management business.

The Firm's Material Entities generally fall into four categories:

- **Core Business Line Subsidiaries.** Non-bank operating companies and dedicated service entities that transact with the business's customers and counterparties, and hold associated licenses
- **Bank Subsidiaries.** Insured depository institutions that take deposits and provide loans and other banking products to their customers
- **Shared Service Entities.** Provide corporate and support services to operating companies, such as technology, real estate and payroll services
- **Holding Companies.** Raise debt and equity funding, and invest or loan proceeds to subsidiaries

As shown in Exhibit 11, at the level addressed above, Material Entity interconnections are most prominent for (i) Funding Relationships in which MS Parent (a Holding Company) provides funding to Material Entities in the Core Business Lines and (ii) Service Relationships in which Shared Service Entities provide support to Material Entities in the Core Business Lines. Service Relationships do exist between some Institutional Securities Material Entities and other Core Business Lines – however, as described in Section 4, the Firm is currently engaged in a project to relocate shared services resources from Material Operating Entities to resolution-resilient shared service entities. Minimal Transactional Relationships exist between the Core Business Lines.

Exhibit 11: Interconnections between MS Parent, Core Business Line Subsidiaries, and Shared Service Entities



The Firm’s Material Service Entities are Shared Service Entities that provide a variety of services to the Firm’s Material Operating Entities across jurisdictions, as described in Exhibit 12 below.

Exhibit 12: Identification of Material Service Entities by Jurisdiction

Jurisdiction	Material Service Entity	Service Categories	Principal Services
U.S.	MSSG	Technology, Real Estate, Data Centers	A service company that is the primary lease holder or owner of data centers. MSSG also holds technology and data fixed assets.
	MSFI	Technology, Real Estate, Data Centers	A holding company for other fixed asset companies. MSFI’s primary function is financing real estate fixed assets for Firm activity in North America.
	MSII	Personnel	An employment company primarily employing expatriate personnel working in the U.K. MSII is also an interim holding company for certain international and domestic subsidiaries of the Firm.
U.K.	MSUKL	Personnel	An employment company for personnel working for U.K.-domiciled operating and service entities.
	MSUKG	Real Estate, Data Centers	A service company that provides a full range of property services, including physical workspace and data centers, to the Firm’s U.K. entities.
Japan	MSJG	Personnel, Data Centers	An employment company that supports the Firm’s affiliates in Japan, including MSMS. MSJG also provides information technology, administration and personnel-related services.

The services provided by each Material Service Entity to each Material Operating Entity, as well as services provided by Material Operating Entities to other Material Operating Entities, are detailed in Exhibit 13 below.

Exhibit 13: Relationships Between Material Operating Entities and Material Service Entities

Core Business Line	Location	Material Operating Entity	Material Services Provided by Material Operating Entity to Other Material Operating Entities	Material Service Entities Primarily Applicable to Material Operating Entity
Institutional Securities	U.S.	MSCO	U.S.-Based Corporate Functions; Institutional Securities Front/Back-Office Functions; T&D; Clearing, Custody and Secured Financing	MSSG (T&D)
				MSFI (Real Estate)
		MSCS	-	MSSG (T&D)
			-	MSFI (Real Estate)
	UK	MSIP	Clearing, Custody and Secured Financing	MSSG (T&D)
				MSFI (Real Estate)
	Japan	MSMS	-	MSUKL (Payroll)
				MSII (Payroll)
Investment Management	U.S.	MSIM Inc.	-	MSUKG (Real Estate)
				MSSG (T&D)
	UK	MSIM Ltd.	-	MSUKL (Payroll)
				MSII (Payroll)
Wealth Management	U.S.	MSSB	-	MSUKG (Real Estate)
				MSSBF (Branch Leases)
				MSSBFA (FA Notes)
	U.S.	MSBNA	-	MSSG (T&D)
MSFI (Real Estate)				

Within each Core Business Line, interconnections may exist across all types of relationships. Within the Firm's Institutional Securities Core Business Line, for instance, Material Operating Entities have Transactional relationships driven largely by differences between the legal entities that transact with clients and counterparties in local markets around the globe, on one hand, and the legal entities offering the products that such clients and counterparties require, on the other. Such financial interconnections between these entities are used to manage risk and satisfy regulatory requirements. The most common forms of financial interconnections among Institutional Securities Material Operating Entities are Secured Funding, OTC Derivatives and Foreign Exchange. Interconnections relating to support services may result directly from these Funding and Transactional relationships (e.g., associated clearing and settlement services) or may relate to the provision of corporate services (e.g., Finance, Technology, Human Resources). Significant examples of each type of interconnection within the Institutional Securities Core Business Line are provided in Exhibit 14. All of the Institutional Securities Material Operating Entities may receive these services. In addition to interconnections *within* the Institutional Securities Core Business Line described in Exhibit 14, other Firm entities—predominantly MS Parent—provide credit support with respect to some transactions of Material Operating Entities.

Exhibit 14: Interconnections Within Institutional Securities Core Business Line

Relationship Type	Description	Primary Providers to Institutional Securities Material Entities
Secured Funding	Material Operating Entities use interaffiliate secured funding transactions (e.g., repurchase agreements, securities lending) to finance their securities positions or borrow securities from affiliates that serve as regional market hubs for those activities	MSCO, MSIP, MSMS
Corporate Services	Material Operating Entities often receive corporate support (e.g., Finance, Technology, Human Resources, Facilities) services from affiliates that employ, own or lease the underlying resources needed to perform the service	Material Service Entities ⁴
OTC Derivatives	Material Operating Entities use interaffiliate OTC derivatives and FX transactions to, for example: (i) execute hedge transactions with market-making businesses operated by affiliates that offer the hedging product or (ii) enter into market-making transactions with the customers or counterparties of the Material Operating Entities' affiliates	MSIP, MSCS, MSCO
Foreign Exchange		MSBNA, MSIP, MSMS

⁴ Currently, Material Operating Entities are also providers of corporate services to affiliate. However, as described in Section 4, the Firm is relocating such shared services resources from Material Operating Entities to resolution-resilient shared services entities.

The projects described in Section 4 are focused on relationships involving interconnectedness and ensuring that remaining interconnections would not pose an obstacle to orderly resolution due to their immateriality, the terms of the associated contractual relationships and/or the presence of contingency plans. For a description of steps the Firm is taking to ensure that its financial and operational interconnections are documented and facilitate separability of the Firm's Material Entities and continued access to intercompany services in resolution, see Section 4.

In addition to the Firm's legal structure and its focus on removing potential obstacles to resolution that could result from interconnectivity within the Institutional Securities business, the Firm's single point of entry strategy facilitates an orderly, solvent wind-down of the Institutional Securities Business in a manner that minimizes such obstacles.

8 Derivative and Hedging Activities

As of November 12, 2014, MS Parent, MSCO, MSIP, MSMS, MSCS, MSCG and MSBNA (together with certain non-Material Entities) have adhered to the ISDA Protocol. With respect to derivatives, the Firm trades and makes markets globally in listed futures, OTC swaps, forwards, options and other derivatives referencing, among other things, interest rates, currencies, investment grade and non-investment grade corporate credits, loans, bonds, U.S. and other sovereign securities, emerging market bonds and loans, credit indices, asset-backed security indices, property indices, mortgage-related and other asset-backed securities, and real estate loan products. The Firm uses these instruments for trading, foreign currency exposure management and asset and liability management.

The Firm manages its trading positions by employing a variety of risk mitigation strategies. These strategies include diversification of risk exposures and hedging. Hedging activities consist of the purchase or sale of positions in related securities and financial instruments, including a variety of derivative products (e.g., futures, forwards, swaps and options). Hedging activities may not always provide effective mitigation against trading losses due to differences in the terms, specific characteristics or other basis risks that may exist between the hedge instrument and the risk exposure that is being hedged. The Firm manages the market risk associated with its trading activities

on a worldwide trading division level and on an individual product basis; market risk is monitored by the independent Market Risk Department and reported to management on a regular basis. The Firm manages and monitors its market risk exposures in such a way as to maintain a portfolio that the Firm believes is well diversified in the aggregate with respect to market risk factors and that reflects the Firm's aggregate risk tolerance as established by the Firm's senior management and overseen by the Board of Directors of MS Parent (the "Board") and the Board Risk Committee.

Credit risk with respect to derivative instruments arises from the potential failure of a counterparty to perform according to the terms of the contract. The Firm's exposure to credit risk from OTC derivatives is represented by the fair value of the derivative contracts reported as assets. The Firm generally enters into master netting agreements and collateral arrangements with counterparties in connection with its OTC derivatives, providing the Firm with the ability to demand collateral as well as to liquidate collateral and offset receivables and payables covered under the same master agreement in the event of counterparty default. The Firm enters into credit derivatives, principally through credit default swaps, under which it receives or provides protection against the risk of default on a set of debt obligations issued by a specified reference entity or entities. A majority of the Firm's counterparties are banks, broker-dealers, insurance and other financial institutions. The Firm manages its exposure to credit derivatives through a variety of risk mitigation strategies, which include purchase of credit protection, managing the credit and correlation risk across single name, non-tranched indices and baskets, tranched indices and baskets, cash positions and routinely monitored aggregate market risk limits.

9 Memberships in Material Payment, Clearing and Settlement Systems

Exhibit 15 contains a representative list of the Firm’s top memberships in payment, clearing and settlement systems.

Exhibit 15: Payment, Clearing and Settlement Systems

Financial Market Utility (“FMU”) Type	Payment, Clearing and Settlement System Function	FMU
Depositories	Payments Settlements	Depository Trust Company
	Clearing and Settlement Custody	Japan Securities Depository Center, Incorporated
	Clearing and Settlement Custody	Euroclear Plc
	Clearing and Settlement	Korean Securities Depository
	Clearing and Settlement	Hong Kong Securities Clearing Company
	Clearing and Settlement	Bank of Japan
	Clearing and Settlement	Clearstream
Clearinghouses/CCPs	Clearing and Settlement	Chicago Mercantile Exchange Inc.
	Clearing and Settlement	LCH Clearnet
	Clearing and Settlement	The Options Clearing Corporation
	Clearing and Settlement	ICE Clear
	Clearing and Settlement	Eurex
	Payments Settlements	CLS
	Clearing and Settlement	FICC
	Clearing and Settlement	NSCC
Agent/Clearing Banks	Clearing and Settlement	The Bank of New York Mellon
	Clearing and Settlement	Citibank
	Clearing and Settlement	Mitsubishi UFJ Financial Group, Inc.
	Clearing and Settlement	Royal Bank of Canada
	Clearing and Settlement	BNP Paribas

10 Foreign Operations

The Firm operates in both U.S. and non-U.S. markets. The Firm’s non-U.S. business activities are principally conducted and managed through European and Asia-Pacific locations. As of December 31, 2014, the Firm had 55,802 employees worldwide.

The net revenues disclosed in Exhibit 16 reflect the regional view of the Firm’s consolidated net revenues on a managed basis, based on the following methodology:

Institutional Securities: advisory and equity underwriting – client location, debt underwriting –revenue recording location, sales and trading – trading desk location

Wealth Management: wealth management representatives operate in the Americas

Investment Management: client location, except for Merchant Banking and Real Estate Investing businesses, which are based on asset location

Exhibit 16: Net Revenues by Region (dollars in millions)

<u>Net Revenues</u>	<u>Three Months Ended</u> <u>March 31,</u>	
	<u>2015</u>	<u>2014</u>
	<u>(dollars in millions)</u>	
Americas	\$6,930	\$6,582
EMEA	1,762	1,422
Asia-Pacific	1,215	992
Net revenues	<u>\$9,907</u>	<u>\$8,996</u>

The following are the Firm’s non-U.S. Material Operating Entities and the products and services they offer:

- MSIP: MSIP is the Firm’s primary U.K. broker-dealer, and is an authorized financial services firm in the United Kingdom. MSIP conducts operations across Institutional Securities Business segments and, to a lesser extent, Investment Management and Wealth Management business segments. MSIP operates branches in EMEA and Asia Pacific. The company’s services include 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.

- MSIM Ltd.: MSIM Ltd. is the primary Investment Management entity in EMEA. MSIM Ltd. is an authorized financial services firm that engages in portfolio management services on a discretionary basis for institutional clients and pooled vehicles. It also provides distribution services (via a network of third-party intermediaries) for sponsored pooled vehicles. Its investment strategies are focused on equity, fixed income, liquidity, asset allocation and alternative investments. It has branches in Greece, Luxembourg and the Netherlands.
- MSMS: MSMS is the Firm's Japanese broker-dealer and the most significant of the Firm's subsidiaries in Japan. MSMS is operated as a securities joint venture with MUFG. MSMS provides sales and trading, capital markets, and research services to corporations and institutional clients. All business is within the Institutional Securities business segment of the Firm. It focuses on trading fixed income and equity securities.

11 Material Supervisory Authorities

The Firm is a financial holding company regulated by the Federal Reserve Board under the Bank Holding Company Act of 1956, as amended.

MS Parent is subject to extensive regulation by U.S. federal and state regulatory agencies and securities and derivatives regulators in each of the major markets where the Firm conducts business. As a result of the Dodd-Frank Act, the Federal Reserve Board also gained heightened authority to examine, prescribe regulations and take action with respect to all of the Firm's subsidiaries. In particular, as a result of the Dodd-Frank Act, the Firm is 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 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", to a systemic risk regime which will impose heightened capital and liquidity requirements, and to comprehensive new derivatives regulation. In addition, the Consumer Financial Protection Bureau has exclusive rulemaking, enforcement and examination authority over the Firm and its subsidiaries with respect to federal consumer financial laws, to the extent applicable.

Exhibit 17 identifies material supervisory authorities for the Firm’s Material Operating Entities.

Exhibit 17: Supervisory Authorities

Supervisor	Jurisdiction
Chicago Mercantile Exchange	U.S.
Commodity Exchange, now a division of CME	U.S.
Commodity Futures Trading Commission	U.S.
Consumer Financial Protection Bureau	U.S.
Federal Deposit Insurance Corporation	U.S.
Federal Energy Regulatory Commission	U.S.
Federal Reserve Board	U.S.
Financial Industry Regulatory Authority, Inc.	U.S.
Municipal Securities Rule Board	U.S.
National Futures Association	U.S.
New York Mercantile Exchange, now a division of CME	U.S.
North American Securities Administrators Association	U.S.
Office of the Comptroller of the Currency	U.S.
Securities and Exchange Commission	U.S.
Prudential Regulation Authority	U.K.
Financial Conduct Authority	U.K.
Bank of Japan	Japan
Financial Services Agency	Japan
Japan Securities Dealers Association	Japan
Securities and Exchange Surveillance Commission	Japan

In addition, MSIP’s branches in France, the Netherlands and Poland and MSIM Ltd.’s branches in Greece, Luxembourg and the Netherlands operate under the “passport” available to investment firms authorized in the European Union under the Markets in Financial Instruments Directive. MSIP’s other branches are regulated by local regulators in each jurisdiction.

12 Principal Officers

The executive officers of MS Parent and their current titles are set forth below.

James P. Gorman	Chairman of the Board of Directors and Chief Executive Officer
Gregory J. Fleming	Executive Vice President and President of Investment Management and President of Wealth Management
Eric F. Grossman	Executive Vice President and Chief Legal Officer
Keishi Hotsuki	Executive Vice President and Chief Risk Officer
Colm Kelleher	Executive Vice President and President of Institutional Securities
Jonathan Pruzan	Executive Vice President and Chief Financial Officer
James A. Rosenthal	Executive Vice President and Chief Operating Officer

13 Resolution Planning Corporate Governance Structure and Processes

The Firm has established a robust resolution planning and governance framework to ensure that all aspects of resolution planning—including development, review, approval and maintenance of the Plan—receive appropriate attention by management and the Board. The governance framework leverages established roles and responsibilities and committee charters, directs the substantial financial resources and personnel that the Firm dedicates to resolution planning, and incorporates enhancements specifically designed to address resolution planning. As a result, resolution plan development, review, approval and maintenance activities at the Firm are fully integrated into its corporate governance structure.

The Firm’s Global Head of Recovery and Resolution, who reports to the Global Head of Regulatory Affairs, is responsible for the development, submission and ongoing maintenance of the 165(d) Resolution Plan. The 165(d) Resolution Plan is developed by a dedicated group (“Firm RRP”) reporting regularly to the Global Head of Regulatory Affairs, the RRP Steering Committee and other Firm governance bodies, including the CCAR/Resolution and Recovery Planning Committee (“CCAR/RRP Committee”),

which was established by the Board in 2014 to oversee the Firm's 165(d) Resolution Plan and its Recovery Plan and provides regular reporting to the Board and/or Board Risk Committee, as applicable.

The Firm's Chief Legal Officer, Chief Financial Officer, and Chief Operating Officer serve as Executive Sponsors of the 165(d) Resolution Plan, and in that role they guide strategic decisions and oversee the day-to-day resolution planning process, together with the Co-Chairs of the RRP Steering Committee. The Executive Sponsors and RRP Steering Committee meet frequently and engage all aspects of the Firm's resolution planning efforts.

Firm RRP coordinates the Firm's global efforts across all front office and support functions to develop the 165(d) Resolution Plan and engage in projects enhancing resolvability. Resolution planning has become a highly integrated, business-as-usual process at the Firm, with defined components owned not by Firm RRP resources (who continue to provide coordination and advice), but directly by applicable business units or support and control functions, fostering integration of the themes of resolvability directly into day-to-day processes and Firm culture.

The Firm's CCAR/RRP Committee, the Firm's Operating Committee, and the Board (or a committee thereof) review and approve the 165(d) Resolution Plan. In addition, various designated governance committees and senior personnel review and approve the underlying, individual components of the 165(d) Resolution Plan.

14 Description of Material Management Information Systems

Management Information Systems ("MIS") refers broadly to the technology and information utilized by the Firm to make effective decisions in the management of the various businesses and support functions. It includes the infrastructure that is relied upon for the operation of applications, and the production of information used to make daily decisions in the management of the Firm.

T&D has the principal responsibility for global application development organizations within the Firm and the enterprise infrastructure groups that support those applications. T&D plays an important role in the management design, structure, and production of MIS within the Firm. MIS includes applications used to generate reports utilized to

manage legal entity accounting, financial reporting, funding and liquidity management, capital, compliance, risk (credit, market, and operational), trading and operations.

The 2015 Plan leverages the Firm's business continuity and disaster recovery plans to help identify systems and applications deemed important to the ongoing operation of the Firm's businesses and MIS capabilities. These systems and applications are classified by Tier ratings 1, 2 and 3 (Tier 1 being the highest priority) indicating the order in which they should be returned to service in the event of a failure. The Firm has identified system users with a dependency on the system and the data center locations of the systems. The data center information also contains specific information such as infrastructure, networks, hardware and location.

The functional groups reflected within the T&D organizational structure that support T&D functions have been identified within the 2015 Plan, and locations or regions that T&D services are provided from have been highlighted.

The Firm has policies and procedures that govern the T&D control environment, which address information security requirements and infrastructure, application infrastructure, software development lifecycle, change management, security of systems and applications and business continuity.

The Firm is working toward strengthening the continuity of MIS applications and infrastructure that are critical in resolution as part of the Firm's ongoing efforts to improve resolvability.

15 Forward-Looking Statements

Certain statements contained herein may constitute “forward-looking statements” within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These statements, which reflect management’s beliefs and expectations, are subject to risks and uncertainties that may cause actual results to differ materially. For a discussion of the risks and uncertainties that may affect the Firm’s future results, see “Forward-Looking Statements” immediately preceding Part I, Item 1, “Business—Competition” and “Business—Supervision and Regulation” in Part I, Item 1, “Risk Factors” in Part I, Item 1A of the Firm’s 2014 Annual Report on Form 10-K and “Liquidity and Capital Resources—Regulatory Requirements” of the Firm’s Quarterly Report on Form 10-Q for the period ended March 31, 2015.