



BOARD OF GOVERNORS  
OF THE  
**FEDERAL RESERVE SYSTEM**  
WASHINGTON, D. C. 20551

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

February 5, 2009

Mr. Colm Kelleher  
Chief Accounting Officer  
Morgan Stanley  
1585 Broadway  
New York, New York 10036

Dear Mr. Kelleher:

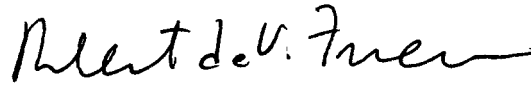
This is in response to the request from Morgan Stanley, New York, New York, for relief from and other modifications related to the Board's regulatory reporting requirements for year-end 2008.

You indicated that, for purposes of year-end 2008 regulatory reports, Morgan Stanley will be able to provide certain financial information but that it would be unable to provide all required regulatory reporting information in a systematic and complete fashion as of December 31, 2008. In addition, you indicated that remediation efforts are underway to bring Morgan Stanley into compliance with the Board's regulatory reporting requirements, including conforming its fiscal year-end to a calendar year-end. Moreover, you requested that Morgan Stanley be permitted to use November 30, 2008, balances for year-end 2008 reporting purposes while systems are adjusted to report on a calendar-quarter basis. Based on these existing circumstances, you have requested certain reporting relief, as well as confidential treatment of certain year-end 2008 regulatory reports.

Based on all the facts of record, including the information provided in your request and other supervisory information, the Board grants in substantial part your request for relief from certain of the Board's regulatory reporting requirements for bank holding companies and grants confidential treatment of certain year-end 2008 regulatory reports of Morgan Stanley. The Board is aware of the magnitude and complexity of the work that must be performed in order for Morgan Stanley to develop reporting systems to comply with the Board's reporting requirements. The attachment to this letter details your request and the Board's response on a report-by-report basis. In response to your request, the Board has designed the exemption to ensure that your organization will continue to devote the necessary resources to become fully compliant with the Board's regulatory reporting requirements as soon as possible.

Please contact William J. Brodows of the Federal Reserve Bank of New York at (212) 720-2508 if you have any questions.

Sincerely yours,

A handwritten signature in black ink, reading "Robert deV. Frierson". The signature is written in a cursive style with a long horizontal flourish at the end.

Robert deV. Frierson  
Deputy Secretary of the Board

cc: William J. Brodows, Vice President  
Federal Reserve Bank of New York

Attachment

## **Attachment**

### **1. FR Y-9 (FR Y-9C and FR Y-9LP)**

#### ***FR Y-9C (Consolidated Financial Statements for Bank Holding Companies)***

Morgan Stanley has stated that it intends to submit the year-end 2008 FR Y-9C by the reporting deadline of February 17, 2009, manually (i.e., not via electronic submission). Morgan Stanley is in the process of changing its fiscal year-end from November 30 to December 31 and has requested that it be permitted to submit data as of November 30, 2008 (its current fiscal year-end), to meet year-end 2008 reporting requirements. Morgan Stanley indicated that there are current gaps in collecting certain data as required in these reports but that it would provide data, to the extent possible, on a best-efforts basis. In addition, Morgan Stanley has requested confidential treatment of its year-end 2008 FR Y-9C report.

#### ***FR Y-9LP (Parent Company Only Financial Statements for Large Bank Holding Companies)***

Morgan Stanley has proposed not to file an interim, manual year-end 2008 FR Y-9LP report. Instead, Morgan Stanley requested to start filing this report effective with the first quarter 2009 report date.

### **Board Response on FR Y-9C and FR Y-9LP**

Morgan Stanley must submit its year-end FR Y-9C and FR Y-9LP on a best-efforts basis using balances as of November 30, 2008, by the reporting deadline of February 17, 2009. The Board believes that useful and important information is provided in the FR Y-9LP report about the parent company. Robust footnote disclosures should be used to disclose significant issues or deviations from the reporting requirements in both the FR Y-9C and FR Y-9LP reports. Both year-end reports may be submitted manually (not electronically) to the Federal Reserve Bank of New York. In addition, both year-end 2008 reports will be granted confidential treatment.

### **2. FR Y-11 (Financial Statements of U.S. Nonbank Subsidiaries of U.S. Bank Holding Companies) and FR 2314 (Financial Statements of Foreign Subsidiaries of U.S. Bank Holding Companies)**

Morgan Stanley has requested exemptions from filing the FR Y-11 and FR 2314 reports at year-end 2008 for its subsidiaries that would otherwise be required to report. Morgan Stanley has stated that efforts are underway to provide the appropriate reporting by the end of the first quarter of 2009.

### **Board Response on FR Y-11 and FR 2314**

Morgan Stanley is granted the exemption from filing the FR Y-11 and FR 2314 reports for year-end 2008. Morgan Stanley must start submitting quarterly reports as required and described in the instructions to these reports on a calendar quarter-end basis as of March 31, 2009, and on a calendar year-end basis for all annual reporters as of December 31, 2009.

#### ***3. FR Y-12 (Consolidated Bank Holding Company Report of Equity Investments in Nonfinancial Companies)***

Morgan Stanley has requested an exemption from filing the FR Y-12 report for year-end 2008.

### **Board Response on FR Y-12**

Morgan Stanley is exempt from filing the FR Y-12 report for year-end 2008. Morgan Stanley must start submitting quarterly reports as required and described in the instructions to this report on a calendar quarter-end basis as of March 31, 2009.

#### ***4. FR Y-10 (Report of Changes in Organizational Structure)***

Morgan Stanley has requested a “staggered” approach for submitting the required FR Y-10 reports. Morgan Stanley proposes to file an initial FR Y-10 report for significant subsidiaries over the course of the first quarter of 2009, with the goal of completing its initial filings by the end of the first quarter. In addition, Morgan Stanley stated that it is working on a systematic way to capture FR Y-10 changes and provide the basis to report ongoing changes in its organization structure, starting with June 2009. Morgan Stanley indicated that a plan is being developed to capture the required FR Y-10 information for nonconsolidated subsidiaries.

### **Board Response on FR Y-10**

The Board grants limited relief with respect to Morgan Stanley’s request for additional time to file the FR Y-10 reports for those subsidiaries that must submit FR Y-11 and FR 2314 reports for the first quarter of 2009. The submission of these FR Y-10 reports must occur by March 31, 2009, so that staff at the Federal Reserve Bank of New York will have adequate time to identify which subsidiaries of Morgan Stanley will be filing the FR Y-11 and FR 2314 reports before the first quarter 2009 submission deadline. Morgan Stanley should submit all remaining FR Y-10 reports for entities that currently exist as soon as practicable but no later than December 31, 2009. These remaining FR Y-10 reports of existing entities will contain information about subsidiaries that are annual filers of the FR Y-11 and FR 2314 reports, as well as other entities that may not have specific financial reporting requirements at all (given their size and nature) but nonetheless need to be reported as information about Morgan Stanley’s organizational structure. In addition, Morgan Stanley must file FR Y-10 reports on a

timely basis (in conformity with the filing requirements of the FR Y-10) for all subsidiaries formed or acquired during 2009.

**5. *FR Y-6 (Annual Report of Bank Holding Companies)***

Morgan Stanley has requested a delay in filing the FR Y-6 report until after it has completed its initial filings of the FR Y-10 reports for its significant subsidiaries during the first quarter of 2009.

**Board Response on FR Y-6**

Morgan Stanley must submit the FR Y-6 report on a best-efforts basis as of December 31, 2008, except that it is exempt from submitting the required reporting of item 2.a in this report, which is the organization chart. The Board believes that useful and important information is provided in the FR Y-6 report. The FR Y-6 report should be submitted to the Federal Reserve Bank of New York by March 30, 2009. The exemption from the submission of the organization chart until the filing of the 2009 FR Y-6 report is granted in order for Morgan Stanley to submit all of its FR Y-10 structure reports during 2009.

**6. *FR Y-8 (The Bank Holding Company Report of Insured Depository Institutions' Section 23A Transactions with Affiliates)***

Morgan Stanley did not address the FR Y-8 report in its request letter.

**Board Response on FR Y-8**

Morgan Stanley must submit its year-end 2008 FR Y-8 report as of December 31, 2008, on a best-efforts basis in a timely manner as described in the instructions to this report. These reports are not currently required to be submitted electronically, so Morgan Stanley will be able to manually submit this report to the Federal Reserve Bank of New York.

**7. *FFIEC 009 (Country Exposure Report/Country Exposure Information Report)***

Morgan Stanley has requested an exemption for year-end 2008 reporting of the FFIEC 009 report and has indicated that it may request an exemption from submitting the March 31, 2009, FFIEC 009. Morgan Stanley indicated that the remediation process for collecting the data requirements for this report is lagging behind other reporting efforts.

**Board Response on FFIEC 009**

Morgan Stanley is exempt from filing the FFIEC 009 report for year-end 2008. The report must be submitted starting with the March 31, 2009, reporting period.