

FEDERAL RESERVE SYSTEM

Mitsubishi UFJ Financial Group, Inc.  
Tokyo, Japan

Order Approving Acquisition of Interests in a  
Bank Holding Company and Certain Nonbanking Subsidiaries

Mitsubishi UFJ Financial Group, Inc. (“MUFG”), a foreign banking organization that is a financial holding company<sup>1</sup> for purposes of the Bank Holding Company Act (“BHC Act”), has requested the Board’s approval under section 3 of the BHC Act<sup>2</sup> to acquire up to 24.9 percent of the voting shares of Morgan Stanley (“Morgan”), New York, New York, and thereby indirectly acquire an interest in Morgan’s subsidiary bank, Morgan Stanley Bank, National Association, Salt Lake City, Utah. In addition, MUFG has requested the Board’s approval under sections 4(c)(8) and (4)(j) of the BHC Act to acquire an indirect interest in Morgan’s subsidiary savings association, Morgan Stanley Trust, Jersey City, New Jersey, and Morgan’s subsidiary trust company, Morgan Stanley Trust National Association, Wilmington, Delaware.<sup>3</sup> MUFG also has provided

---

<sup>1</sup> The elections by MUFG, The Bank of Tokyo-Mitsubishi UFJ, Ltd., and Mitsubishi UFJ Trust and Banking Corporation, all of Tokyo, and UnionBanCal Corporation, San Francisco, California, to become financial holding companies pursuant to sections 4(k) and (l) of the BHC Act and sections 225.82(b)(1) and 225.91(b)(1) of Regulation Y became effective as of October 6, 2008. See Board letter to Donald J. Toumey, Esq., dated October 6, 2008.

<sup>2</sup> 12 U.S.C. § 1842. See 12 CFR 225.15.

<sup>3</sup> 12 U.S.C. § 1843(c)(8) and (j). See 12 CFR 225.24. The Board previously has determined by regulation that the operation of a savings association and a trust company by a bank holding company is closely related to banking for purposes of section 4(c)(8) of the BHC Act. 12 CFR 225.28(b)(4)(ii) and (5).

notice of its proposal to acquire an indirect interest in the foreign bank subsidiaries of Morgan under section 4(c)(13) of the BHC Act.<sup>4</sup>

Section 3(b)(1) of the BHC Act requires that the Board provide notice of an application under section 3 to the appropriate federal or state supervisory authority for the banks to be acquired and provide the supervisor a period of time (normally 30 days) within which to submit views and recommendations on the proposal.<sup>5</sup> Section 4(i)(4) of the BHC Act imposes a similar requirement with respect to a notice to acquire a savings association.<sup>6</sup> In light of the unusual and exigent circumstances affecting the financial markets and all other facts and circumstances, and in accordance with the provisions of the BHC Act and the Board's regulations, the Board has shortened to 10 days the notice and comment period to the primary regulators of the banks and savings associations involved in, and waived public notice of, this proposal.<sup>7</sup> The Board has contacted the primary federal supervisors of the insured depository institutions and the Department of Justice; those agencies have indicated they have no objection to consummation of the proposal.

Based on all the facts of record, the Board has concluded that all the factors it must consider in acting on the application and notices are consistent with approval. The application and notices are hereby approved by the Board for the reasons set forth in the Board's Statement, which will be released at a later date.

---

<sup>4</sup> 12 U.S.C. § 1843(c)(13).

<sup>5</sup> 12 U.S.C. § 1842(b)(1); 12 CFR 225.15(b).

<sup>6</sup> 12 U.S.C. § 1843(i)(4).

<sup>7</sup> 12 U.S.C. §§1842(b)(1) and 1843(i)(4); 12 CFR 225.16(b)(3), 225.16(g)(2), 225.25(d), and 262.3(l).

The Board's approval is specifically conditioned on compliance by MUFG with all the commitments made in connection with the proposal and on the receipt, in a form acceptable to the Board, of commitments by MUFG that it will not exercise a controlling influence over Morgan. This approval also is subject to all the conditions set forth in Regulation Y and to the Board's authority to require such modification or termination of the nonbanking activities of a bank holding company or any of its subsidiaries as the Board finds necessary to ensure compliance with, and to prevent evasion of, the provisions of the BHC Act and the Board's regulations and orders issued thereunder. These commitments and conditions are deemed to be conditions imposed in writing by the Board in connection with its findings and decision and, as such, may be enforced in proceedings under applicable law.

The acquisition may not be consummated before the fifth calendar day after the effective date of this order, or later than three months after the effective date of this order, unless such period is extended for good cause by the Board or by the Federal Reserve Bank of San Francisco, acting pursuant to delegated authority.

By order of the Board of Governors, effective October 6, 2008.<sup>8</sup>

*(signed)*

---

Robert deV. Frierson  
Deputy Secretary of the Board

---

<sup>8</sup> Voting for this action: Chairman Bernanke, Vice Chairman Kohn, and Governors Warsh, Kroszner, and Duke.