

**Meeting Between Staffs of the Federal Reserve Board, the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC), Morgan Stanley, and Charles Schwab Corporation
October 25, 2016**

Participants: Lesley Chao, Rena Miller, Dafina Stewart, Adam Cohen, Brian Chernoff, and Josh Strazanac (Federal Reserve Board)

Henry Barkhausen, James Weinberger, Ang Middleton, Daniel Perez, David Malmquist, David Stankiewicz, Akililu Gidey, and Patrick Tierney (OCC)

Greg Feder, Suzanne Dawley, Andy Williams, and Nana Ofori-Ansah (FDIC)

Anita Rios, and Andrew Nash (Morgan Stanley)

Bill Quinn, and John Buchman (Charles Schwab Corporation)

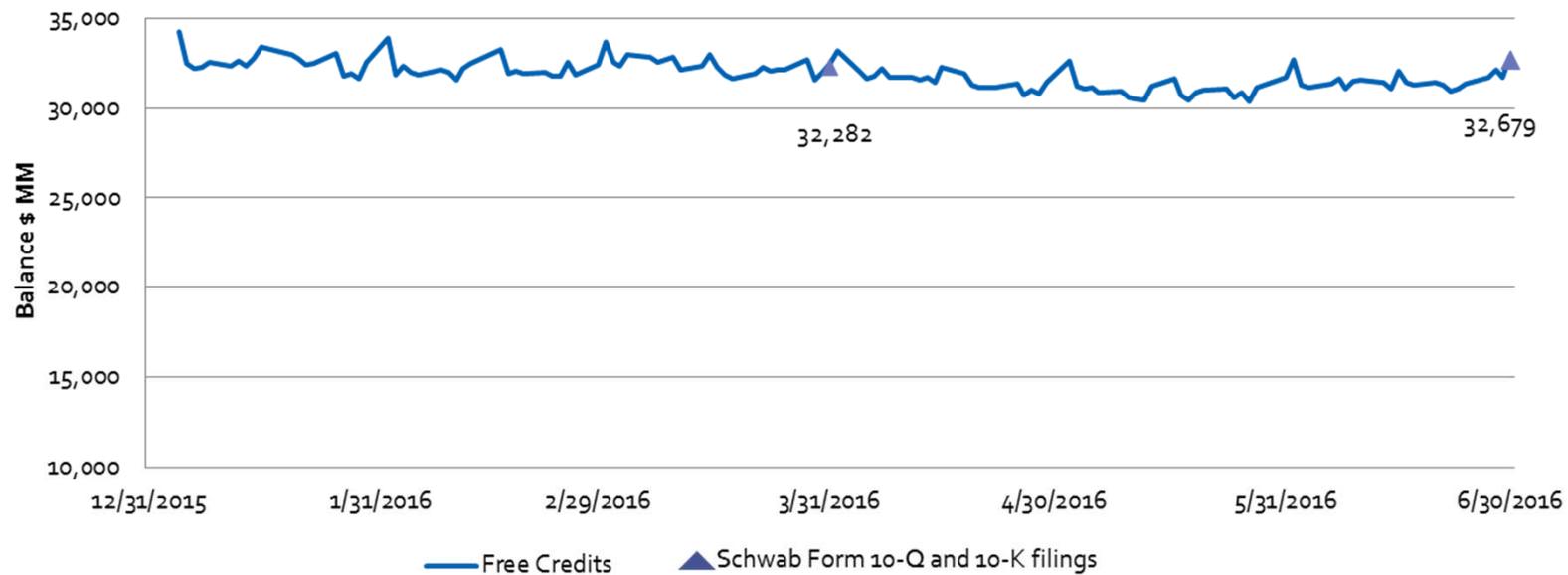
Summary: Staffs of the Federal Reserve Board, OCC, and FDIC met with representatives of Morgan Stanley and Charles Schwab Corporation to discuss the notice of proposed rulemaking to establish the Net Stable Funding Ratio in the United States. Specifically, the representatives from Morgan Stanley and Charles Schwab Corporation discussed the treatment under the proposed rule of broker-dealer payables to retail customers.

Attachment

Stability of retail broker-dealer payables

Schwab data (Q1-Q2 2016)

Schwab Broker-Dealer Payables to Retail Customers for Q1 and Q2 2016

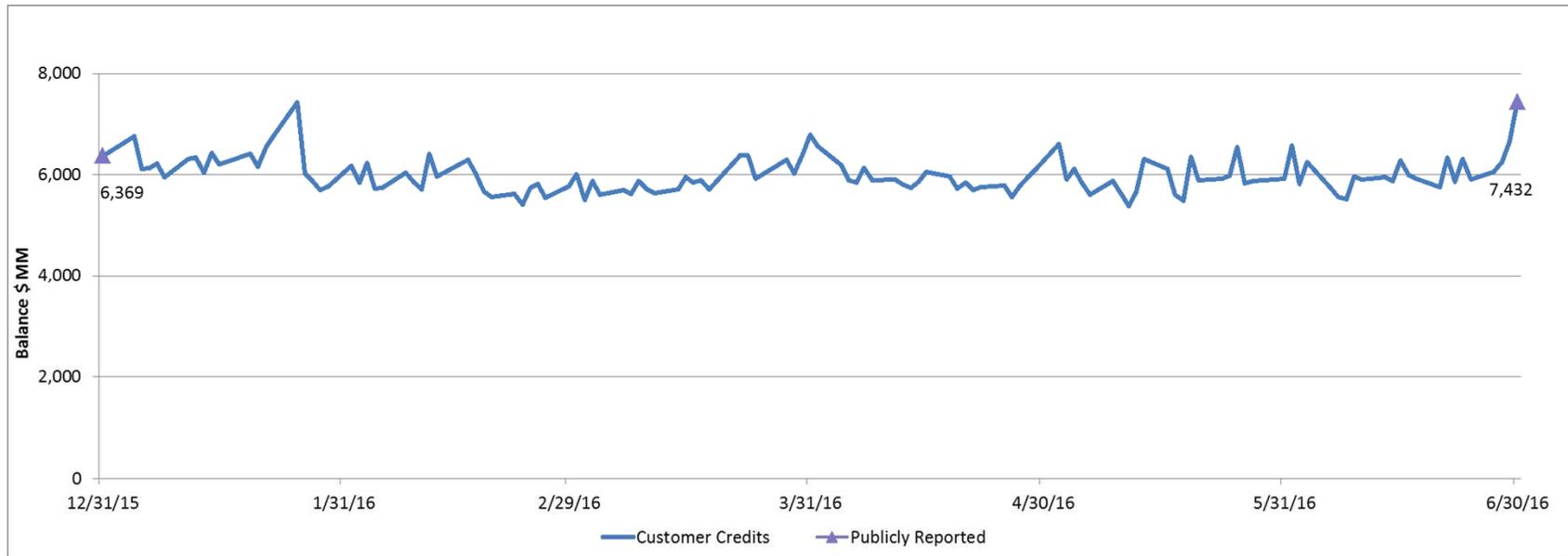


- Daily retail broker-dealer payables totals sourced from non-public internal data . Includes optionsXpress and Charles Schwab & Co.
- "Payables to Brokerage Clients" from form 10-Q SEC filing used for public source of quarter-end balances from Schwab website: <https://www.aboutschwab.com/investor-relations/financial-reports#anchor-adhoc-secure-quarter-reports>

Stability of retail broker-dealer payables

Morgan Stanley Smith Barney (MSSB) data (Q1-Q2 2016)

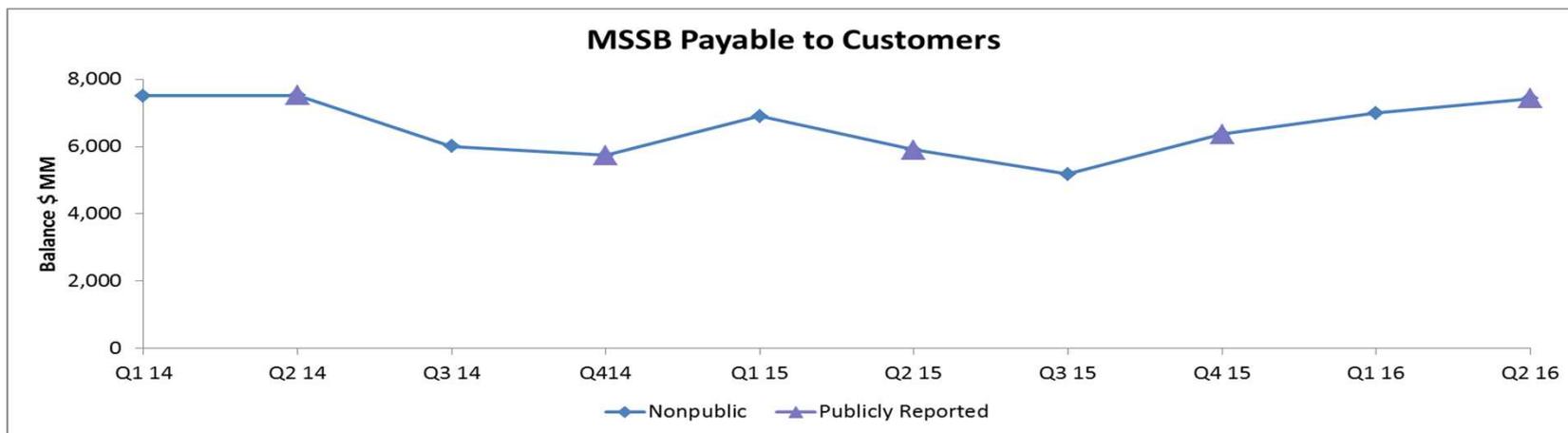
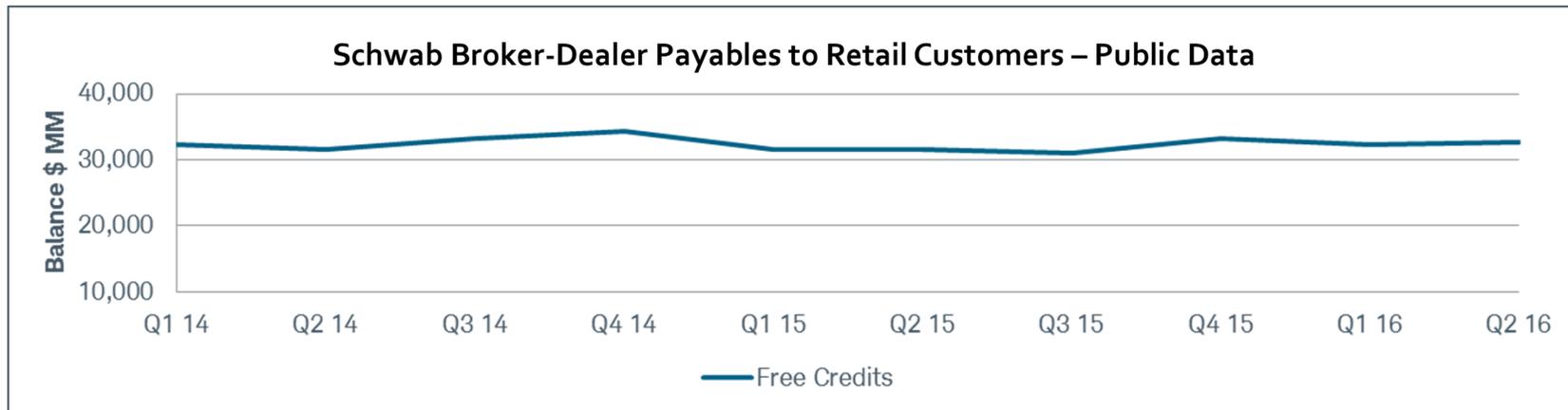
MSSB Payable to Customers for Q1 and Q2 2016



Note: MSSB Payable to Customers are customer credit balances sourced from nonpublic internal data except for 12/31/15 and 6/30/16 which were publicly reported and sourced from MSSB LLC Consolidated Statement of Financial Condition

Stability of retail broker-dealer payables

Stability holds over longer look-back periods as well



Note: Publicly reported data sourced from MSSB LLC Consolidated Statement of Financial Condition and nonpublic data sourced from quarterly filing with SEC