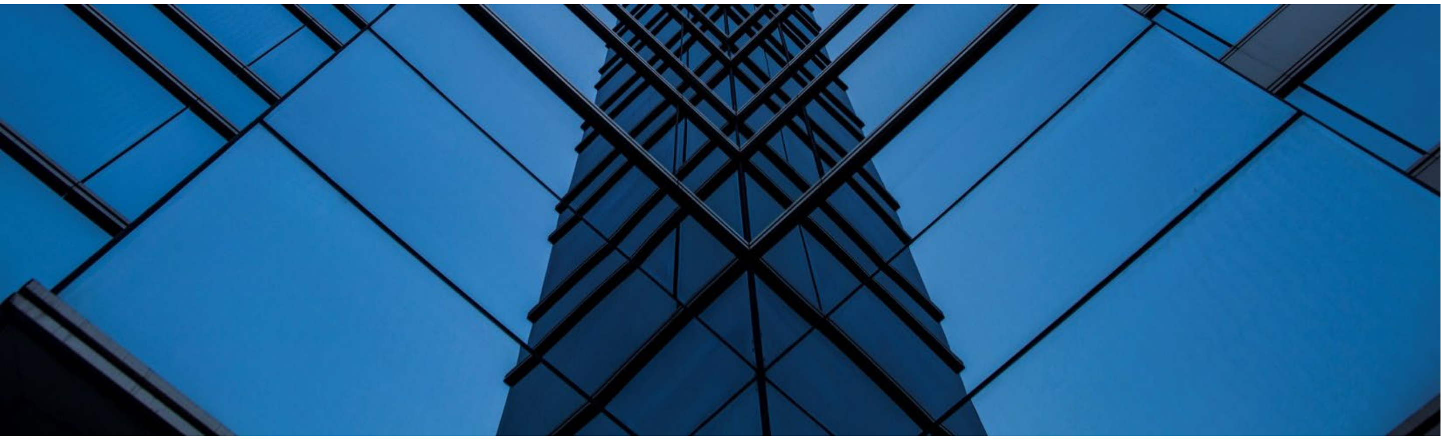
Morgan Stanley



2023 Resolution Plan

Public Section

Public Section

1. Executive Summary

1.1. Introduction

Morgan Stanley (as a stand-alone parent holding company, "**MS Parent**," and on a consolidated basis, the "**Firm**") is a global financial services firm that, through its subsidiaries and affiliates, provides a wide variety of products and services to a large and diversified group of customers and counterparties. The Firm conducts its business from its headquarters in and around New York City, its regional offices and branches throughout the United States and its principal offices in London, Tokyo, Hong Kong and other world financial centers. The Firm is committed to managing its operations to promote the integrity of the financial system, resolvability and fulfilling its responsibility to maintain the highest standards of excellence.

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 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. In its resolution planning, the Firm is guided by and committed to the key objectives of (i) operating in a manner and with a culture that contributes to the safety and soundness of the global financial system and (ii) enhancing its resiliency and resolvability.

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 (the "**Dodd-Frank Act**") and its implementing regulations (the "**165(d) Rule**") adopted by the Board of Governors of the Federal Reserve System (the "**Federal Reserve Board**") and the Federal Deposit Insurance Corporation (the "**FDIC**") (together, the "**Agencies**" and such plan, the "**Plan**").[1] This "**Public Section**" of the Plan is submitted concurrently with the Confidential Section, which describes how MS Parent and its "**Material Entities**"[2] could be resolved in a rapid and orderly manner that substantially mitigates the risk that MS Parent's failure would have serious adverse effects on financial stability in the U.S.

The Firm's Plan articulates its preferred single point of entry ("**SPOE**") strategy for the resolution of MS Parent and the Material Entities (the "**Resolution Strategy**") detailing how the Firm would be resolved under a range of scenarios and how potential vulnerabilities that might otherwise hinder or prevent a

[1] The 165(d) Rule requires the Firm to demonstrate how MS Parent could be resolved under the U.S Bankruptcy Code, 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 U.S. financial stability. The Plan is not binding on a court or resolution authority.

[2] Material Entity is defined in the 165(d) Rule as a subsidiary or foreign office of the Firm that is significant to the Firm's core businesses and critical activities. A description of the Firm's Material Entities is included as Appendix B to this Public Section.

rapid, orderly and value-maximizing resolution would be addressed and overcome. This Resolution Strategy is supported by extensive resolution planning efforts that have been refined and enhanced over a period of years. Moreover, the Firm has put in place a number of practices to help manage its resiliency and resolvability over time and address risks that may emerge as a result of changes in business practices, industry initiatives, financial profile or organizational structure.

The Firm believes that its Plan presents a feasible and credible strategy that demonstrates that the Firm can be resolved without reliance on extraordinary support or causing adverse effects on U.S. financial stability and the broader global economy and is flexible to adapt to a range of circumstances. Based upon the strength of its liquidity and capital positions and the resiliency and credibility of the Resolution Strategy under a wide range of scenarios, the Firm believes that none of the U.S. government, the FDIC's Deposit Insurance Fund ("**DIF**") nor any foreign governments or taxpayers would incur losses as a result of its failure. Under the Firm's Resolution Strategy, MS Parent's shareholders and creditors would absorb losses of the Firm and would also benefit from preservation of value of its Material Entities until a value-maximizing orderly sale or wind-down.

The Firm's development of its Resolution Strategy in accordance with the Dodd-Frank Act and 165(d) Rule has been guided by three primary principles, to which the Firm refers as the "**Three Pillars of Resolution Planning**:"

- **Legal Framework:** The Firm should have a legal framework to enable implementation of its Resolution Strategy under required timeframes and stress conditions;
- **Financial Adequacy:** Each Material Entity should have access to the liquidity and capital needed to execute the Resolution Strategy without threatening the pre-failure resiliency of MS Parent; and
- **Operational Continuity:** Each Material Entity should have access to the personnel, data and systems, facilities, vendors and other non-financial resources needed to execute the Resolution Strategy.

Exhibit 1-1 demonstrates how the Three Pillars of Resolution Planning underpin the Resolution Strategy and map to the Firm's suite of resolution capabilities and playbooks.

Exhibit 1-1. Morgan Stanley Approach to Credible Resolution Strategy

Resolution Strategy
See Section 3

Sale of Wealth Management and Investment Management	Solvent wind down of Institutional Securities Group

Support Services continuity

Legal Framework *See Section 4.1*	Financial Adequacy *See Section 4.2*	Operational Continuity *See Section 4.3*
Do governance mechanisms & contractual frameworks support the strategy?	Would each entity have access to necessary capital & liquidity?	Would each entity have access to necessary operational resources?
Capabilities: • Governance Mechanisms • Trigger and Escalation Framework • Support Agreement Framework • Legal Entity Rationalization (LER)	**Capabilities:** • Liquidity Adequacy, Positioning and Execution Needs • Capital Adequacy, Positioning and Execution Needs • Derivatives and Trading • Separability	**Capabilities:** • Management Information Systems • Payment, Clearing and Settlement • Collateral Management • Shared and Outsourced Services
Playbooks: • Governance • Bankruptcy	**Playbooks:** • Intercompany Funding • Communications • Customer Asset Transfer • Marketing and Sale	**Playbooks:** • Employee Retention • Financial Market Utility (FMU) Access • Vendor Continuity • Facilities and Fixed Assets Continuity • Technology Continuity

Global Recovery and Resolution Assessment Framework (GRRAF)

Section 1.4 *Key Capabilities and Enhancements to Support Resolvability* provides greater detail on the actions completed by the Firm to address guidance received from the Agencies and other enhancements to resiliency and resolvability capabilities. Section 3 *Resolution Strategy* articulates the Firm's SPOE Resolution Strategy and the manner in which the Firm could successfully execute this strategy. Section 4 *Three Pillars of Resolution Planning* describes each of the Firm's resolvability capabilities, aligned to the Three Pillars. The significant actions completed by the Firm across the Three Pillars strongly support the credibility of its Resolution Strategy and demonstrate the progress the Firm has made to enhance its resolvability. With these actions, the Firm believes that it has the capabilities required to execute its Resolution Strategy, although the Firm will also continue to assess, test and, as appropriate, refine its capabilities on an ongoing basis.

This Plan provides an update on the Firm's resolution capabilities and Resolution Strategy, including enhancements made subsequent to its Targeted Plan filed in 2021 (the "**2021 Plan**"). The Plan additionally identifies material changes since the Firm's submission of the 2021 Plan.

1.2. Recent Regulatory Feedback and Guidance

With the submission of this Plan, the Firm has submitted nine Title I resolution plans to the Agencies, as it has been required to do on a periodic basis under the 165(d) Rule since the Firm's first resolution plan submission in 2012. Each one of the Firm's resolution plans has responded to the Agencies' feedback and improved upon the feasibility of the Resolution Strategy and associated capabilities.

In November 2022, the Agencies provided feedback on the 2021 Plan. The Agencies noted that the Firm had adequately addressed the shortcomings identified in the 2019 Letter and found no new shortcomings related to its 2021 Plan. The Agencies further noted that they expect the Firm to continue to develop its resolution readiness and identified additional areas where they expect ongoing improvements across the Global Systematically Important Banks ("**G-SIBs**"). The Firm is committed to continued enhancement of Recovery and Resolution Planning ("**RRP**") capabilities taking into account Agency guidance, market events and newly identified risks.

1.3. Advantages of the Firm's SPOE Resolution Strategy

In accordance with its Three Pillars of Resolution Planning, the Firm has developed and, since 2012, continually refined, its Resolution Strategy. Under its SPOE Resolution Strategy, MS Parent would provide liquidity resources and recapitalize the Material Entities prior to MS Parent entering proceedings under Chapter 11 of the U.S. Bankruptcy Code ("**Chapter 11**") in order to enable the Material Entities to remain solvent and be sold or wound down without entering resolution proceedings. The Firm believes that such a SPOE approach is most likely to maximize the value of the Firm for MS Parent stakeholders and minimize the impact of the failure of the Firm on U.S. financial stability and the broader economy. The Firm established the Funding Intermediate Holding Company ("**IHC**") as a legal entity to facilitate transfers of liquidity and capital to the Firm's Material Entities during times of stress and in resolution.

The Firm's SPOE Resolution Strategy offers a number of advantages over a Multiple Point of Entry ("**MPOE**") strategy, where individual Material Entities enter into their own resolution proceedings, including the following:

- Maintaining continuity of operation by the Firm's Material Entities, which would remain solvent and would not enter standalone resolution proceedings;
- Providing Wealth Management ("**WM**") retail brokerage customers and Institutional Securities Group's ("**ISG**") Prime Brokerage ("**PB**") customers seamless, full and timely access to their accounts and are fully protected during the execution of the Resolution Strategy, and neither Morgan Stanley Bank, N.A. ("**MSBNA**") or Morgan Stanley Private Bank, N.A. ("**MSPBNA**") depositors nor the FDIC's DIF suffer losses;
- Reducing the losses that would be associated with the abrupt disruption of Material Entity activities and the termination of their Qualified Financial Contracts ("**QFCs**") and other transactions (including potentially large claims that could be brought against MS Parent based on its guarantees of financial contracts to which Material Entities are party) and the liquidation of collateral for such transactions in an MPOE resolution;
- Paying liabilities of Material Entities as they become due, including liabilities to derivatives counterparties, which will either be paid as scheduled or through novations or consensual tear-ups. Secured funding counterparties would receive payment of cash without foreclosing on

securities collateral, and securities lenders are able to receive their securities without foreclosing on cash collateral;

- Minimizing potential financial contagion by confining financial losses to MS Parent creditors, which are effectively junior to the creditors of the Material Entities and would be at risk of absorbing losses of the Firm;
- Minimizing the complexity of resolution proceedings and avoiding the prospect of multiple competing resolution proceedings for different Material Entities; and
- Losses would be imposed on MS Parent shareholders and private creditors, with no need for a government bailout.

1.4. Key Capabilities and Enhancements to Support Resolvability

The Firm maintains a robust RRP governance structure, with defined roles and responsibilities for managing RRP capabilities and documentation in BAU through continued:

- **Integration of RRP into the broader organization** as an extension of divisional roles and responsibilities in BAU and streamlining of RRP documentation to ensure appropriate and sustained ownership of capabilities and documentation that is functional and operational in nature;
- **Resolution Financial Modeling** ("**RFM**") and **Management Information** ("**MI**") capabilities;
- **Legal Entity Rationalization** ("**LER**") towards an optimal Material Entity structure and effective acquisition integration;
- **Separability strategy** to ensure the Firm has the ability to provide all relevant information to potential buyers in order to sell its WM and Investment Management ("**IM**") businesses;
- **Global Recovery and Resolution Assessment Framework** ("**GRRAF**") by which the Firm assesses its recovery and resolvability capabilities;
- **Capabilities testing**, in accordance with the Firm's GRRAF, including simulations, tabletops, and other exercises;
- Enhancement of capabilities to **operationalize the Support Agreement**;[3] and
- **Other processes** to support resolution preparedness.

[3] Refer to Section 1.4.7 *Operationalization of the Support Agreement* for further details on how the Firm has continued to develop RRP capabilities and related processes to support the operationalization of the support agreement.

1.4.1. Integration of RRP into the Broader Organization

The Firm has integrated RRP into the broader organization, with Treasury's global leadership and divisional ownership of RRP capabilities and related documentation as an extension of normal course roles and responsibilities.

- Corporate Treasury RRP teams and broader Finance lead recovery and resolution preparedness efforts globally, with input from other functional teams;
- Strong divisional ownership (e.g., Finance, Legal, Operations, Risk) of RRP capabilities as an extension of BAU roles and responsibilities are maintained, with Board and senior management oversight;
- Regional personnel engaged with primary regulators and resolution authorities;
- RRP MI produced together with other Firm reporting capabilities;
- RFM data and assumptions are subject to robust Data Quality Control ("**DQC**") framework, including independed review by the Risk Function;
- Booking model governance leveraging standard Firm processes, controls and infrastructure to embed booking model governance and reporting;
- Regular review and challenge by senior management and cross-functional working groups, supplemented by global and regional simulation exercises; and
- Confirming capabilities to support both Firm and regulator-led SPOE resolution approaches in a range of scenarios.

1.4.2. Resolution Financial Model and Resolution Metrics Management Information

The RFM is the single, global platform for resolution metric modeling at the Material Entity level including wind-down analysis, with the resulting metrics incorporated into regular MI reporting. The Firm has continued to improve its resolution liquidity and capital resolution modeling and related Management Information Systems ("**MIS**") capabilities by:

- Reducing processing time through data sourcing automation, optimized system run sequencing, and reducing manual touch points;
- Regularly assessing modeling assumptions and implementing enhancements for accuracy and conservatism;
- Streamlining the modeling of hedging processes, balancing timeliness and accuracy while reducing manually intensive effort required by upstream data;
- Implementing a centralized tool to facilitate a dynamic framework for scenario adjustments and sensitivity testing with enhanced controls and transparency;

- Monitoring global and regional regulatory developments and implementing any required updates in a timely manner;
- Leveraging the Firm's ongoing data governance initiatives;
- Incorporating the acquisitions of E*TRADE and Eaton Vance into the RFM, as appropriate; and
- Incorporating RRP into MIS reporting and communication protocols in BAU through:
    - Continued MI to implement the operationalization of the Support Agreement in a timely manner, including Firm and Material Entity resource adequacy reporting;
    - Frequent RRP trigger monitoring MI to indicate the current stage of stress and excess to subsequent stages;
    - Continued MI production and alignment to the DQC framework together with other Firm reporting capabilities and implementation of a MI review and sign-off process consistent with other metrics to ensure data integrity and reliability.
    - MIS capabilities testing through simulation exercises with regional Material Entity leadership to enhance and refine the MI based on key stakeholder feedback; and
    - Regular distribution of the MI to Firm and Material Entity Asset and Liability Committees ("**ALCOs**") and Boards to support key stakeholder familiarity with the reporting in advance of stress.

1.4.3. Legal Entity Rationalization

The Plan also contains improvements that the Firm has made with respect to its LER efforts, including:

- Reducing complexity within the Firm's legal entity structure and rationalizing the total population of Material Entities, which resulted in the de-designation of two Material Service Entities ("**MSEs**");[4]
- Continuing rationalization of the E*TRADE and Eaton Vance entities; and
- Ongoing assessments to inform legal entities, activities and business lines in-scope for the WM and IM sale packages.

1.4.4. Separability Strategy

The Firm is well positioned to execute on the WM and IM sale strategies due to its experience as a leading Mergers and Acquisitions ("**M&A**") advisory firm and as a party to retail brokerage and investment management M&A transactions. Recent examples include the Firm's entry into a joint venture by purchasing a controlling stake in Smith Barney in 2009 and its subsequent purchase of the minority stake to own WM in its entirety, as well as the sale of its Retail Asset Management business to Invesco Ltd. in 2010, and its most recent acquisitions of E*TRADE and Eaton Vance. The extensive M&A experience

[4] MSEs provide support services, functions and/or resources that are significant to Material Entities, in support of Core Business Lines and Critical Functions.

housed within the Firm has contributed to the success of these efforts, and the Firm expects to leverage this experience in any future divestitures, including in a resolution scenario.

1.4.5. Global Resolution and Recovery Assessment Framework

The Firm has continued to utilize the GRRAF, which provides a globally consistent method by which the Firm assesses its recovery and resolvability capabilities. GRRAF allows the Firm to:

- Assess recovery and resolution capabilities across jurisdictions;
- Bring consistency to how capabilities are assessed and confirmed across regulatory regimes;
- Enable comprehensive coverage of regulatory requirements and expectations across jurisdictions; and
- Realize efficiencies in how the Firm supports recovery and resolution readiness and preparedness globally.

The 2022 GRRAF self-assessment process concluded that the Firm meets capability criteria to support the execution of the Resolution Strategy.

In alignment with the GRRAF framework, the Firm continues to:

- Leverage testing, including tabletops, simulations and education, through GRRAF and other forums to enhance resolvability preparedness; and
- Conduct a series of RRP exercises to assess and enhance resolvability across financial, operational, and governance mechanism-related capabilities.

1.4.6. RRP Materiality Assessment

The Firm has continued to assess the impact of material internal and external changes on its resiliency and resolvability through its quarterly Recovery and Resolution Planning Materiality Assessment ("**RRP Materiality Assessment**"). This process includes:

- Integration of E*TRADE and Eaton Vance into RRP capabilities;
- Consideration of the Firm's strategic decisions as well as regulatory requirements and changes in the market environment, business practices, financial profile and organizational structure, including Material Entity de-designations and legal entity restructurings; and
- Integration of materiality assessment results to identify and consider "material changes" and determines whether they should also be designated as "extraordinary events," as defined in the Final Rule.[5]

[5] *Resolution Plans Required*, FederalRegister.gov, https://www.federalregister.gov/documents/2019/11/01/2019-23967/resolution-plans-required

1.4.7. Operationalization of the Support Agreement

The Firm has continued to develop RRP capabilities and related processes to support the operationalization of the Support Agreement in required timeframes. Throughout the stress continuum, the Support Agreement Framework would govern the progression of the Resolution Strategy:

- The **Support Agreement** and related **Security Agreement** underpin the SPOE Resolution Strategy by providing a secured, contractual right for Material Entities to receive required financial support to execute the Resolution Strategy. See Section 3.1.2 *Support Agreement Framework*.
- The Firm's **Trigger and Escalation Framework** facilitates actions being taken in a timely manner, including downstreaming of required resources to Material Entities upon clearly defined triggers. See Section 3.1 *Resolution Strategy Overview*.
- The Firm has **simplified** its **legal entity structure** and has implemented the Funding IHC as its primary resolution funding vehicle to provide resolution resources as MS Parent is resolved, increasing funding flexibility and mitigating the risk of misallocation of resources. See Section 4.1.2 *Legal Entity Rationalization*.
- The Firm's **positioning framework** balances certainty associated with holding resources on the Material Entities and flexibility associated with holding resources centrally. See Section 4.2.4 *Positioning Framework*.
- The Firm's **Intercompany Funding Recovery and Resolution Playbook** supports funding in a timely manner by documenting detailed instructions as to how to downstream liquidity and capital resources to Material Entities in a timely manner. See Section 4.2.5 *Intercompany Funding Recovery and Resolution Playbook*.
- A **Bankruptcy Playbook** has been prepared which includes a step-by-step guide to prepare for and commence MS Parent's Bankruptcy filing. See Section 4.1.3.1 *Bankruptcy Playbook*.
- MS Parent, Funding IHC and Material Entity boards have entity-specific **Governance Playbooks** which describe actions and escalation arising from the occurrence of triggers. See Section 4.1.1.3 *Governance Playbooks*.
- The Firm has conducted a series of **exercises** to test the Firm's financial resource management processes and governance mechanisms in a recovery and resolution scenario. These events offered an opportunity to consider methods of increasing funding flexibility during a severe stress in a way that would be consistent with the exercise of fiduciary duties. In addition to the Firm-wide tabletop and simulation events, certain Material Entity boards conducted a tabletop exercise to test the implementation of the Support Agreement provisions regarding the flow of liquidity, assumptions underlying the RFM and related governance processes.

1.4.8. Other

The 2021 Plan highlighted certain enhancements committed to in the 2019 Plan that the Firm has continued to assess related to resolvability initiatives, including:

- Testing the **Funding Intermediate Holding Company's** ("**Funding IHC**") operational capabilities required for resolution;
- Further enhancing transparency and governance for the Firm's **booking practices** through its expanded booking model inventory and booking model controls framework; and
- Creating a single policy for Parent and subsidiary **guarantees** in support of the Resolution Strategy**.**

1.5. The Plan

This section summarizes the following features of the Plan:

- **Resolution Objectives**: The specific objectives that the Firm has deemed critical to the development of its Plan;
- **Resolution Strategy**: The Resolution Strategy, through which MS Parent would be resolved under the U.S. Bankruptcy Code and the Material Entities would remain solvent and be sold or wound down outside resolution proceedings; and
- **Resolvable Morgan Stanley**: The main actions the Firm has taken to enhance its resolvability and embed resolution planning and capabilities into BAU practices and processes, as aligned to the Three Pillars of Resolution Planning.

The Firm has focused on, and invested in, enhancing its resolvability and addressing Agency guidance. These investments in resolution planning have resulted in the extensive integration of resolution preparedness into the Firm's governance and related BAU activities.

While the Firm continuously evaluates and implements further enhancements to its capabilities and other aspects of its resolvability, the Firm believes that it has the capabilities required to execute its Resolution Strategy and is confident that it could be resolved in a rapid and orderly manner without serious adverse effects on financial stability or requiring taxpayer or government support. MS Parent's losses are absorbed by its shareholders and private creditors, but recoveries are enhanced by preserving going concern value of Material Entities until orderly sale or winddown.

1.5.1. Resolution Objectives

The overarching goal of the Resolution Strategy and supporting resolution planning efforts and capabilities is to provide that if the Firm were to encounter "**Material Financial Distress**"[6] or fail, it could

[6] The 165(d) Rule defines Material Financial Distress to mean that (i) the Firm has incurred, or is likely to incur, losses that will deplete all or substantially all of its capital, and there is no reasonable prospect for the Firm to avoid such depletion, (ii) the Firm's assets are, or are likely to be, less than its obligations to creditors and others or (iii) the

be resolved within the timeframes and under the stress conditions mandated by the Agencies and without taxpayer or government support or disruption to U.S. and global financial stability. The Firm has developed a Resolution Strategy that would maintain the solvency of its Material Entities and sustain its Critical Operations[7] and Critical Economic Functions[8] (collectively, "**Critical Functions**") under a broad range of internal or external stresses. It has identified several key objectives guiding the development of this strategy. Together, these key objectives require the Firm to design and implement a credible and feasible Resolution Strategy, and are set forth below:

- **Avoiding interruptions** in performance to the customers and counterparties of the Firm's designated Critical Functions until such Critical Functions can be transferred to an alternate provider or wound down in an orderly manner;
- **Minimizing** the **spread** of financial distress into the market due to:
  - Payment defaults on short-term obligations;
  - Counterparty terminations of their QFCs with the Firm;
  - Fire sales of assets by the Firm to keep up with its financial obligations; and
  - Trapping of customer assets.
- **Maintaining marketability and separability** of marketable business lines across a range of scenarios;
- **Eliminating reliance** on a **regulator** to take discretionary actions (or forbear from taking discretionary actions);
- **Eliminating reliance** on an **affiliate** to take actions to benefit another affiliate (except as required by contract) or to forbear from taking actions if such action or forbearance could materially increase the risk that the affiliate itself would default on its obligations to third parties;
- **Eliminating reliance** on U.S. or foreign **government** financial support; and
- **Eliminating** significant **risk** to the FDIC's **DIF**.

1.5.2. Resolution Strategy

The Firm has developed its Resolution Strategy to achieve the Resolution Objectives. Under the Resolution Strategy, MS Parent would fail and file for bankruptcy under Chapter 11, but the Firm's

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Firm is, or is likely to be, unable to pay its obligations (other than those subject to a bona fide dispute), in the normal course of business.

[7] The 165(d) Rule defines Critical Operations as those operations of the covered company, including associated services, functions and support, the failure or discontinuance of which would pose a threat to the financial stability of the United States.

[8] As designated by the UK Prudential Regulation Authority ("**PRA**").

Material Entities would remain solvent as a result of support provided by MS Parent (prior to its failure) and the Funding IHC and would be sold or wound down as follows:

- The Firm's WM and IM **Core Business Lines**[9] would be **sold**; and
- Each of the Firm's ISG Material Operating Entities ("**MOEs**") would be wound down in an orderly manner outside of insolvency or resolution proceedings (the "**ISG Solvent Wind Down**").

The Resolution Strategy is described in further detail in Section 3 *Resolution Strategy*.

1.5.3. Three Pillars of Resolution Planning

As described in further detail in this section, the Firm has implemented the steps necessary (i) to put in place a legal framework to implement its Resolution Strategy under required timeframes and stress conditions, (ii) for each Material Entity to have access to the liquidity and capital needed to execute the Resolution Strategy without threatening the pre-failure resiliency of MS Parent and (iii) for each Material Entity to have access to the personnel, data and systems, facilities, vendors and other non-financial resources needed to execute the Resolution Strategy. Together, the Firm's continued focus on the Three Pillars of Resolution Planning supports the credibility of the Resolution Strategy and demonstrates the Firm's increased resiliency and resolvability.

The Firm has invested significant resources so that it would be able to implement the Resolution Strategy. The Firm has considered vulnerabilities to the successful implementation of the Resolution Strategy identified in the Final Rule, as well as the Firm's own self-identified areas for improvement. The Firm continues to enhance its capabilities, across all Three Pillars of Resolution Planning. These enhancements include the continued utilization of GRRAF, which provides a globally consistent method by which the Firm assesses its recovery and resolvability capabilities. The Firm continues to evaluate and implement further enhancements to its capabilities and other aspects of its resolvability in response to regulatory expectations and self-identified areas of improvement.

With respect to the Legal Framework pillar, the Firm has:

- **Legal analysis** to confirm that support provided by MS Parent and the Funding IHC in a resolution scenario is resilient to potential challenges by creditors of MS Parent;
- **Perfected security interests** in MS Parent's and Funding IHC's assets used to provide support;
- An RRP **Trigger and Escalation Framework** based on liquidity and capital metrics which are linked to specific Firm actions to support a more intuitive progression through stress, facilitate the flow of resources and use of buffers and decrease the risk of false trigger breaches;

[9] Core Business Line is defined in the 165(d) Rule as a business line of the Firm, including associated operations, services, functions and support, that, in the view of the Firm, upon failure would result in a material loss of revenue, profit, or franchise value. A description of the Firm's Core Business Lines is included as Appendix A to this Public Section.

- Customized **Governance Playbooks** for MS Parent and each Material Entity, based on fiduciary duties analyses prepared by external counsel, to support timely decision making and action execution;
- **LER Criteria** which are focused on minimizing complexity and the maintenance of a rational and resolvable legal entity structure;
- **Inter-affiliate contracts** and Service Level Agreements ("**SLAs**") consistent with the Plan;
- An annual process to identify its **Critical Contracts** and ensure that they are resolution-friendly;
- The Firm's **Guarantee Administrative Priority Motion**—which underpins the Firm's legal strategy to elevate MS Parent guarantees to administrative priority status in Chapter 11—and by including alternative relief in the form of a transfer to an unaffiliated third-party or a "**Bankruptcy Bridge Company**," organized for the purpose of becoming a transferee of the parent's assets in connection with Chapter 11 Proceeding, in each case to satisfy terms of the International Swaps and Derivatives Association ("**ISDA**") protocols and override cross-default rights that arise when a parent credit support provider enters into Chapter 11;
- Identified its **QFC** population and digitized QFC cross-default provisions; and
- Remediated termination rights in QFCs by adhering relevant Firm entities to Section 2 of the ISDA 2018 U.S. Resolution Stay Protocol (together with the ISDA 2015 Universal Resolution Stay Protocol, the "**ISDA Protocols**") or through bilateral amendments in order to comply with the requirements of the **QFC Stay Rules**.

With respect to the Financial Adequacy pillar, the Firm has:

- A Resolution Liquidity Adequacy and Positioning ("**RLAP**") methodology to estimate standalone liquidity requirements for each Material Entity, incorporated into the Firm's Internal Liquidity Stress Testing ("**ILST**") framework;
- A Required Liquidity Execution Needs ("**RLEN")** methodology to estimate the liquidity requirements of each Material Entity in resolution, including peak funding requirements through the Resolution Period and dynamic Minimum Operating Liquidity ("**MOL**"), with impacts from both external and inter-affiliate exposures;
- Sufficient levels of external Total Loss Absorbing Capacity ("**TLAC**"), which currently exceed total TLAC and long-term debt requirements, with full compliance with all TLAC rule requirements in effect;
- Resolution Capital Adequacy and Positioning ("**RCAP**") and "**RCAP***" (which excludes upfront losses that are included within RCAP) methodologies to inform the Firm's determination of the appropriate positioning of Internal Loss Absorbing Capacity ("**ILAC**") between MS Parent and each of the MOEs;

- A Resolution Capital Execution Needs (“**RCEN”)** methodology to estimate the capital requirements of each Material Entity in Resolution, including Minimum Capital Levels (“**MCL**”) and capacity to absorb cumulative losses while maintaining compliance with regulatory requirements;
- The **RFM** as a global modeling platform used to meet home and host regulator resolution modeling requirements, which would be used to facilitate decision making in an actual event. The RFM forecasts Material Entities’ RLEN and RCEN (e.g., to determine whether a Resolution Trigger has occurred). The RFM’s daily capability provides decision makers and key stakeholders with the information necessary to execute the Resolution Strategy, demonstrate continued MS Parent and Funding IHC resource adequacy and Material Entity solvency and monitor Resolution Strategy progression to the end of the Resolution Period;
- The **Positioning Framework**, which the Firm uses to determine the appropriate amount of financial resources (i.e., liquid assets and ILAC) to be positioned at MS Parent, the Funding IHC and Material Entities to balance certainty and flexibility throughout the stress continuum;
- An **Intercompany Funding Recovery and Resolution Playbook** that sets forth the processes, roles and responsibilities and governance associated with intercompany funding and the execution of liquidity and capital infusions; and
- A **Separability** analysis that supports its sales strategies, including sales package buyer documents, carve out financials and valuations and virtual data room capabilities.

With respect to the Operational Continuity pillar, the Firm has:

- A strategy to maintain **access to top Financial Market Utilities (“FMUs”)** and **agent banks** through playbooks which include identification of key clients of the Firm and their mapping to top FMUs and agent banks;
- A global network of **MSEs** which own or control the critical operational resources and activities needed to ensure operational continuity in resolution and to support the Resolution Strategy; and
- An **Operational Mapping** process that identifies services critical to Resolution Strategy execution that has been embedded in BAU.

The Firm has taken significant steps in order to achieve the integration of resolution planning into BAU activities and Firm and Material Entity governance. The integration of resolution planning into BAU activities and corporate governance processes facilitates the evaluation of resolution-related issues and considerations that could arise from the Firm’s strategic decisions, regulatory requirements or on account of changes in business practices, financial profile and organizational structure. These steps further strengthen the Firm’s resolvability.

1.6. Impact of Recent Market Events

In developing the 2023 Resolution Plan, the Firm has considered the impacts of recent market events including current market and economic conditions, such as elevated inflation, rising interest rates, volatility in global financial markets and deterioration in the macroeconomic outlook. For additional information, please see Morgan Stanley Quarterly Report on Form 10-Q for the quarter ended March 31, 2023, Economic and Market Conditions.

In addition, the U.S. Agencies identified certain issues in recent bank failures, including maintaining adequate capital and liquidity, effective risk management, incentives for bank managers, supervision, systemic consequences through contagion, and speed of bank runs, which the Firm has further considered in developing its 2023 Resolution Plan.

The Firm has capital and liquidity management standards.

The Firm maintains capital and liquidity management standards and internal governance and controls consistent with all applicable capital and liquidity requirements. Our liquidity and capital policies are established and maintained by senior management and the MS Parent Board of Directors. Through various risk and control committees, senior management reviews business performance relative to these policies, monitors the availability of alternative sources of financing, and oversees the liquidity, interest rate and currency sensitivity of our asset and liability position. For additional information, please see Morgan Stanley Annual Report on Form 10-K for the year ended December 31, 2022, Management's Discussion and Analysis of Financial Condition and Results of Operations, Liquidity and Capital Resources.

The Firm is subject to regulatory capital requirements, including requirements to maintain minimum levels of external TLAC. The Firm currently exceeds total TLAC and long-term debt requirements. TLAC is complemented by ILAC positioned at our MOEs. For additional information, please see Morgan Stanley Annual Report on Form 10-K for the year ended December 31, 2022, Management's Discussion and Analysis of Financial Condition and Results of Operations, Liquidity and Capital Resources, Liquidity and Capital Resource, Regulatory Requirements—Total Loss-Absorbing Capacity, Long-Term Debt and Clean Holding Company Requirements.

Further, the Firm engages in recovery planning, in addition to resolution planning, as part of its BAU risk management processes, which outlines the steps that management could take over time to generate or conserve financial resources in times of prolonged financial stress and further strengthens the ability of the Firm to take early and decisive action to reduce the risk of failure, even if it were to incur heightened losses. For additional information, please see Morgan Stanley Annual Report on Form 10-K for the year ended December 31, 2022, Management's Discussion and Analysis of Financial Condition and Results of Operations, Liquidity and Capital Resources, Regulatory Requirements, Resolution and Recovery Planning.

The Firm has an established framework for managing risk.

The Firm has devoted significant resources to develop its risk management capabilities, including models and processes for assessing market, credit, liquidity and operational exposures and hedging strategies, stress testing and other analysis, in all market environments, and has associated policies and procedures in place. The Firm's risk limits framework include risk limits and quantitative metrics and provide the basis for monitoring risk-taking activity and avoiding outsized risk taking. For additional information, please see

Morgan Stanley Annual Report on Form 10-K for the year ended December 31, 2022, Risk Limits Framework.

Among its risk-management capabilities, the Firm actively manages interest rate risk, including its exposure to unrealized losses in its investment securities. Additionally, the Firm has diversified funding sources. For additional information on the Firm's risk management capabilities described above, please see Morgan Stanley Annual Report on Form 10-K for the year ended December 31, 2022: Notes to Consolidated Financial Statements; Risk Disclosures; Financial Statements and Supplementary Data, Investment Securities; and Management's Discussion and Analysis of Financial Condition and Results of Operations, Liquidity Risk Management Framework.

The Firm also regularly conducts liquidity stress testing that is intended to ensure that the Firm and its Material Entities have sufficient liquidity under a variety of adverse scenarios, including scenarios analyzed as part of the Firm's recovery and resolution planning. For additional information, please see Morgan Stanley Annual Report on Form 10-K for the year ended December 31, 2022, Management's Discussion and Analysis of Financial Condition and Results of Operations, Liquidity Stress Tests.

The Firm maintains senior management incentives consistent with managing risk.

The Firm's incentive compensation practices are subject to oversight by our regulators in the U.S. and internationally. The Chief Risk Officer ("**CRO**"), who is independent of business units, reports to the Board Risk Committee and the Chief Executive Officer. The CRO oversees compliance with risk limits via the Firm's Risk department, which approves exceptions to risk limits, independently reviews material market, credit, model and liquidity risks, and reviews results of risk management processes with the MS Parent Board, as appropriate. The CRO also coordinates with the Chief Financial Officer regarding capital and liquidity management and works with the Compensation, Management Development and Succession Committee of the MS Parent Board to help ensure that the structure and design of the Firm's incentive compensation arrangements do not incentivize employees to take unnecessary and excessive risk. For additional information, please see Morgan Stanley Annual Report on Form 10-K for the year ended December 31, 2022, Risk Disclosures, Chief Risk Officer.

The Firm is subject to highest regulatory standards and supervision.

As a G-SIB, the Firm is subject to the highest regulatory standards and supervision contemplated by the U.S. Agencies' framework for averting systemic risk. In particular, the Firm is subject to (among other things): significant regulation and supervision; intensive scrutiny of its businesses and plans for expansion of those businesses; limitations on activities; a systemic risk regime that imposes heightened capital and liquidity requirements; certain restrictions on activities and investments under the "Volcker Rule" of the Dodd Frank Act; and comprehensive derivatives regulation. For additional information, please see Morgan Stanley Annual Report on Form 10-K for the year ended December 31, 2022, Business, Supervision and Regulation.

The Firm is responsive to regulatory findings and has appropriate review and escalation protocols in place.

The Firm's SPOE framework was specifically designed to address systemic risk that could arise in the context of the Firm's failure and resolution.

- *The Firm's SPOE strategy is designed to limit systemic consequences through contagion.*

Preserving the Material Entities as going concerns is intended to minimize risks to financial stability, including by, among other things, supporting the continuation of the Firm's critical operations and preserving the value of its business lines. The Firm's financial adequacy is supported by a robust trigger and escalation framework to enable the Firm to support timely decision making and action execution, a menu of actions that can be feasibly executed in a wide range of scenarios, and a communications strategy to ensure key stakeholders are informed. The Funding IHC provides funding flexibility throughout stress and resolution.

Bank Resource Management ("**BRM**") Command, a communications protocol first developed in response to the 2008 financial crisis, which provides globally coordinated communications and governs the Firm's preparedness, organization, escalation and response to events that could potentially affect the Firm's financial position, would be activated in response to any material stress, including to address the impact of negative social media or a highly networked depositor base. BRM Command is designed to ensure control over information inflows and outflows, identify and vet potential risks in the current environment, generate customized dashboard reporting of relevant metrics and implement action plans to respond to macro/market and Firm-specific events, including any related counterparty issues.

- *The Firm's separability strategy is intended to quickly and efficiently resolve two of the Firm's core business lines.*

The Firm has further developed its separability capability to integrate the acquisitions of E*TRADE and Eaton Vance. As part of this, the Firm has, among other things, refreshed its capability to construct a virtual data room with information pertinent to a potential divestiture in a timely manner, considered the potential for additional objects of sale, and has taken into account the macroeconomic outlook on certain asset classes, including the commercial real estate sector and impacts thereof on the Firm's commercial real estate lending business on MSBNA.

- *The Firm has further developed its capabilities to timely complete required bankruptcy filings.*

The Bankruptcy Playbook lays out the steps that would need to be taken to prepare for the bankruptcy filing. The Bankruptcy Playbook contains pre-drafted and pre-planned bankruptcy filing forms and identifies the sources of information needed to enable the swift preparation and timely commencement of the Bankruptcy Proceeding in an orderly manner.

1.7. Conclusion

With these further enhancements to its capabilities and resolvability, the Firm is confident that it has the ability to successfully execute its Resolution Strategy. Based upon the strength of its liquidity and capital positions and the resiliency and credibility of the Resolution Strategy under a wide range of scenarios, the Firm believes that none of the U.S. government, the FDIC's DIF nor any foreign governments or taxpayers would incur losses as a result of its failure.

The Plan provides an update on the Firm's resolution capabilities and Resolution Strategy, including enhancements made subsequent to the 2021 Plan. The following Public Section provides (i) an overview of the Firm, (ii) a summary of the Resolution Strategy, (iii) a summary of the Firm's resolution capabilities with respect to each of its Three Pillars of Resolution Planning and (iv) an overview of the Firm's resolution planning governance structure and other processes that have been developed to sustain and enhance the Firm's resolvability capabilities. The Public Section also includes appendices that provide additional information regarding the Firm pursuant to the requirements of the 165(d) Rule, as well as a Glossary.

2. Firm Overview

The Firm is a global financial services institution that, through its subsidiaries and affiliates, advises, originates, trades, manages and distributes capital for governments, institutions and individuals. MS Parent was originally incorporated under the laws of the State of Delaware in 1981, and its predecessor companies date back to 1924. The Firm is a financial holding company regulated by the Federal Reserve Board under the Bank Holding Company Act of 1956, as amended. The Firm conducts its business from its headquarters in and around New York City, its regional offices and branches throughout the U.S. and its principal offices in London, Tokyo, Hong Kong and other world financial centers. As of December 31, 2022, the Firm had approximately 82,000 employees in 41 countries around the world.

The Firm is a global financial services institution that maintains significant market positions in each of its Core Business Lines: ISG, WM and IM.[10] Since its founding, the Firm has served the capital markets and advisory needs of its clients within its ISG business, for which the underlying business model has continuously evolved to adapt to the changing economic and regulatory landscape. Over the years, the Firm has diversified into other businesses, including retail services within WM and institutional asset management services within IM. 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 U.S. 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 U.S. and globally.

The Firm executes the global business operations related to its three Core Business Lines through a number of legal entities within its structure. While legal entities may exist in the Firm's structure to support a variety of business operations and financial efficiencies, the vast majority of the Firm's business operations are conducted through a concentrated subset of the legal entity population, which the Firm designates as its Material Entities.[11]

Exhibit 2-1 identifies the entities that have been designated as the Firm's Material Entities for the Plan.

Exhibit 2-1. List of Material Entities Included in the Plan

	MATERIAL ENTITY NAME	DESCRIPTION
Material Operating Entities		
1	Morgan Stanley & Co. LLC ("MSCO")	U.S. Broker-Dealer, Futures Clearing Merchant (FCM), Swap Dealer
2	Morgan Stanley & Co. International plc ("MSIP")	UK Broker-Dealer, Swap Dealer, Security-based Swap Dealer
3	Morgan Stanley MUFG Securities Co., Ltd. ("MSMS")	Japan Broker-Dealer, Swap Dealer
4	Morgan Stanley Capital Services LLC ("MSCS")	U.S. Swap Dealer, Security-based Swap Dealer, OTC Derivatives Dealer

[10] The Firm's Core Business Lines are discussed in greater detail in Appendix A: Description of Core Business Lines.

[11] The Firm's Material Entities are discussed in greater detail in Appendix B: Description of Material Entities.

MATERIAL ENTITY NAME		DESCRIPTION
5	Morgan Stanley Capital Group, Inc. ("MSCG")	U.S. Commodities, Swap Dealer
6	Morgan Stanley Europe SE ("MSESE")	German Broker-Dealer, Swap Dealer, Security-based Swap Dealer
7	Morgan Stanley Bank, N.A. ("MSBNA")	U.S. National Bank, Swap Dealer, Security-based Swap Dealer
8	Morgan Stanley Private Bank, N.A. ("MSPBNA")	U.S. National Bank
9	Morgan Stanley Bank Aktiengesellschaft ("MSBAG")	German Bank
10	Morgan Stanley Smith Barney LLC ("MSSB")	U.S. Broker-Dealer, U.S. Investment Advisor, Futures Introducing Broker
11	Morgan Stanley Investment Management Inc. ("MSIM Inc.")	U.S. Investment Advisory
12	Morgan Stanley Investment Management Ltd. ("MSIM Ltd.")	UK Investment Advisory, SEC registered Investment Advisor
Material Service Entities		
13	Morgan Stanley Holdings LLC ("MSH")	Funding IHC
14	Morgan Stanley Services Group ("MSSG")	U.S. Support Services Provider
15	Morgan Stanley UK Group ("MSUKG")	UK Real Estate Company
16	Morgan Stanley UK Limited ("MSUKL")	UK Support Services Provider
17	Morgan Stanley Smith Barney Financing LLC ("MSSBF")	U.S. Support Services Provider
18	Morgan Stanley Japan Group Co., Ltd ("MSJG")	Japan Support Services Provider
19	Morgan Stanley Services Canada Corp ("MSSCC")	Montreal Technology Workforce Center
20	Morgan Stanley Hungary Analytics Limited ("MSHAL")	Hungary Support Services Provider
21	Morgan Stanley Advantage Services Private Limited ("MSASPL")	India Support Services Provider
22	Morgan Stanley Asia Limited ("MSAL")	Hong Kong Broker-Dealer, Support Services Provider
23	Morgan Stanley Management Services (Singapore) Pte. Ltd (MSMSSG)[12]	Asia Support Services Provider

[12] Designated as an MSE on June 1, 2023.

3. Resolution Strategy

3.1. Resolution Strategy Overview

The Firm has developed its Resolution Strategy and articulated how this strategy could be successfully implemented by the Firm within the timeframes and under the stress conditions mandated by the Agencies without taxpayer or government support and without disruption to U.S. and global financial stability. Consistent with its Resolution Objectives, the Firm has a SPOE Resolution Strategy under which MS Parent would fail and file for bankruptcy under Chapter 11 but the Firm's Material Entities would remain solvent as a result of support provided by MS Parent (prior to its failure) and the Funding IHC and would be sold or wound down as described below. Throughout the resolution of the Firm, operational continuity and access to critical internal and external services would be maintained to implement the Resolution Strategy, prevent the failure of any Material Entities, and maximize the value preserved for MS Parent's bankruptcy estate. At the end of the Resolution Strategy, the Firm would essentially no longer exist.

3.1.1. Hypothetical Resolution Scenario

To develop its Resolution Strategy, 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 it would face a severe idiosyncratic stress event in a severely adverse economic environment, requiring resolution of the Firm. The Firm is also required to assume that it does not take any recovery actions or that any recovery actions taken would not be successful. The Plan describes how, in the Hypothetical Resolution Scenario, MS Parent could be resolved in a manner that satisfies the requirements of the 165(d) Rule.

The Hypothetical Resolution 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 Firm's resolution planning efforts are aimed at increasing the Firm's resiliency and resolvability under a variety of scenarios. 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 macroeconomic environment. The Resolution Strategy is not binding on a court or resolution authority. The Resolution Strategy is dynamic and, in the unlikely event that a real event of Material Financial Distress was to occur, actual events at the time would be based on the facts and circumstances during the actual period of Material Financial Distress, including decisions and actions of regulators and other parties.

3.1.2. Support Agreement Framework

A central component of the Firm's SPOE Resolution Strategy is the Support Agreement Framework, which is comprised of the following:

- **Trigger and Escalation Framework:** Triggers based on capital and liquidity metrics prescribe when the Firm must take clearly identified actions and initiate related communications to implement the Resolution Strategy, including transferring additional resources to the Funding IHC so that the Funding IHC can provide capital and liquidity to the Material Entities, allowing them to remain solvent and implement the Resolution Strategy;

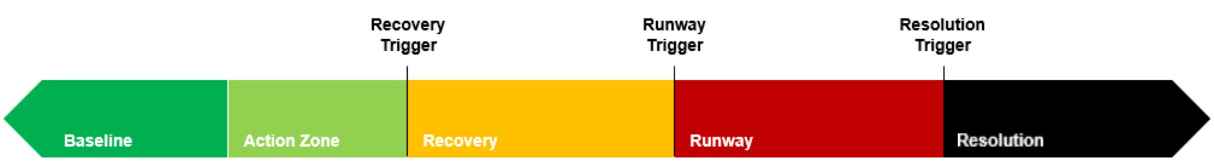
- **Support Agreement:** A Contractually Binding Mechanism that commits MS Parent, the Funding IHC and certain of their subsidiaries to support the Material Entities upon the occurrence of certain triggers and ensures that resources are made available to those Material Entities that need them; and
- **Security Agreement:** Creates perfected security interests in assets of MS Parent and the Funding IHC that could be contributed to the Material Entities, incentivizing MS Parent and the Funding IHC to perform its obligations under the Support Agreement and mitigating potential legal challenges to MS Parent's and the Funding IHC's provision of support to the Material Entities.

The Support Agreement Framework would govern the progression of the Resolution Strategy prior to MS Parent's failure. The Support Agreement Framework includes a full continuum of triggers based on liquidity and capital metrics, described below and illustrated in Exhibit 3-1, which are linked to specific Firm actions and which identify when and under what conditions the Firm, including MS Parent and its Material Entities, would transition from BAU conditions (i.e., the "**Baseline**" and "**Action Zone**") to "**Recovery**" to the pre-resolution "**Runway**" and, in the unlikely event recovery actions proved to be unsuccessful, to "**Resolution**."

3.1.3. Resolution Chronology

The timeline for the Resolution Strategy is illustrated in Exhibit 3-1.

Exhibit 3-1. The Resolution Continuum and Trigger and Escalation Framework



The Recovery Period would last until the occurrence of either (i) a "**Runway Trigger**", at which point the Firm would recognize that recovery actions may have been unsuccessful and resolution, rather than recovery, is a potentially more likely outcome, or (ii) the Firm's recovery.

During Runway, which would begin upon the occurrence of a Runway Trigger, the Firm would increase the amount of assets pre-positioned at the Funding IHC pursuant to the Support Agreement and would execute strategic preparatory actions for a potential resolution. Pursuant to the Support Agreement, upon the occurrence of a "**Resolution Trigger**" MS Parent would be required to contribute to the Funding IHC its remaining Contributable Assets (i.e., MS Parent assets other than certain excluded assets, such as interests in subsidiaries and a holdback for bankruptcy expenses). In addition, upon occurrence of the Resolution Trigger, any remaining intercompany debts of the Material Entities, or certain intermediate entities, that are ultimately owed to MS Parent and were not contributed to the Funding IHC would be subordinated to external creditors of such entities and their maturities would be extended.

During the Resolution Period, the Funding IHC would be obligated to provide capital and liquidity support to the Material Entities and certain other entities pursuant to the Support Agreement. This support, together with the financial resources already held by the Material Entities prior to the occurrence of the Resolution Trigger, would be sufficient to allow the Material Entities to remain solvent and implement the Resolution Strategy.

The obligations of MS Parent under the Support Agreement are secured on a senior basis by substantially all of the Contributable Assets of MS Parent. As a result, claims of the Funding IHC and the Material Entities against the assets of MS Parent (other than the stock of its subsidiaries) will be effectively senior to unsecured obligations of MS Parent. MS Parent, like most parent holding companies, has no operations and depends on dividends, distributions and other payments from its subsidiaries to fund dividend payments and to fund all payments on its obligations, including debt obligations.

Contemporaneously with the occurrence of the Resolution Trigger, MS Parent Board would consider commencing voluntary proceedings under Chapter 11 for MS Parent. MS Parent would be expected to commence a voluntary case under Chapter 11 and the Firm's Material Entities would remain solvent and outside of resolution proceedings.[13] The commencement of MS Parent's Chapter 11 case would mark the beginning of the Resolution Period. Exhibit 3-2 illustrates which MOEs and MSEs will be sold or wound down under the Resolution Strategy.

Exhibit 3-2. Firm Resolution Strategy

Sale of WM and IM		Solvent wind down of ISG	
WM and U.S. Banks	**IM**	**ISG**	
• MSSB • MSBNA • MSPBNA	• MSIM Inc. • MSIM Ltd.	• MSCO • MSIP • MSMS • MSCS • MSCG • MSESE • MSBAG	MOEs

Support Services

- Continuity strategy for MSEs owning or controlling essential infrastructure, support function personnel and other operational resources through resolution
- Funding IHC is the primary resolution funding vehicle, providing resources to Material Entities

MSEs

[13] In order to avoid the close-out on unfavorable terms of QFCs entered into by these Material Entities, MS Parent would seek expedited Bankruptcy Court approval of a motion to elevate guarantees of subsidiary QFCs to administrative priority status or, in the event the bankruptcy court does not approve such elevation, to transfer certain MS Parent assets and guarantee obligations of subsidiary QFCs to a new holding company owned by a trust for the sole benefit of MS Parent's bankruptcy estate.

During the “**Stabilization Period**,”[14] a sale process would be initiated for the Firm’s highly marketable Core Business Lines that would likely retain significant franchise value in a resolution scenario: (i) WM, including the U.S. retail broker-dealer (MSSB) and U.S. Banks (MSBNA and MSPBNA) and (ii) IM, including the U.S. investment advisor (MSIM Inc.) and UK investment advisor (MSIM Ltd.). The Firm is committed to maintaining the feasibility and credibility of the current WM and IM sale strategy, and the integration of E*TRADE and Eaton Vance within WM and IM elevates the sale strategy by increasing the franchise value of each sales package.

In addition, the ISG Solvent Wind Down would be commenced. Under the ISG Solvent Wind Down, ISG’s MOEs would be wound down while keeping them outside stand-alone bankruptcy or other insolvency proceedings. The ISG Solvent Wind Down is not dependent on financial resources from the sale of WM and IM and the sale of WM and IM would not affect any operational capabilities supporting the ISG Solvent Wind Down, or vice versa.

The Resolution Strategy is executable from a business, financial and operational point of view. The financial feasibility of the Resolution Strategy has been analyzed using conservative assumptions and detailed, robust capital and liquidity frameworks. The Firm continues to take significant steps to ensure that its Resolution Strategy is feasible, as described in the following sections.

3.2. ISG Solvent Wind Down Summary

The Firm selected wind down as its strategy for ISG because, while a sale of ISG (alone or as part of a sale of the overall Firm) or continuity of the business as a going concern are theoretically possible, historical examples and the Firm’s scenario modeling indicate that a sale would likely not be practical. Therefore, to ensure that the ISG business can be resolved in an orderly manner in a broad range of scenarios, the Firm has elected to demonstrate that its ISG MOEs could be wound down without entering resolution proceedings, which the Firm refers to as the ISG Solvent Wind Down. The ISG Solvent Wind Down is modeled as a 12-month period (i.e., the Resolution Period) and demonstrates that, at the end of the Resolution Period, the Firm does not pose systemic risk to the market. The Firm assumes it would not actively exit derivatives positions during the Stabilization Period.

The objective of the ISG Solvent Wind Down is a rapid and orderly wind down of ISG’s MOEs in a manner that maximizes value and minimizes cost and disruptions to the broader financial system and economy. The liquidity and capital support provided by MS Parent (prior to its failure) and the Funding IHC pursuant to the Support Agreement Framework and the override of cross defaults in QFCs to which the ISG MOEs are party would enable the ISG MOEs to remain outside of resolution proceedings.

The ISG Solvent Wind Down entails a wind down of sales and trading activity, a transfer of PB customer assets and a cessation of investment banking and capital markets activities. Consistent with the Firm’s resolution objectives, the Firm believes that ISG’s:

[14] The Firm defines its Stabilization Period as the period during which the Firm would transfer Prime Brokerage clients to alternate providers over a six week timeframe after MS Parent’s failure.

- Sales and trading portfolios are sufficiently liquid to convert non-cash assets into cash at a rate faster than the rate of net liquidity outflows without breaching any capital constraints or transmitting liquidity risk into the market; and
- Operational capacity and infrastructure would be sufficient to quickly transfer PB accounts to alternate providers.

3.3. Wealth Management and Investment Management Sales

As highly marketable businesses with steady cash flows, WM and IM are likely to generate interest from a diverse buyer pool even in stressed market conditions with valuations reflecting assumptions appropriate for resolution. The details of the sales will depend, in many respects, on whether the business is sold to a financial or strategic buyer, but the Firm has attempted to maintain flexibility to accommodate both types of buyers.

The Firm believes that the WM and IM Material Entities should have sufficient capital and liquidity throughout the resolution process. To demonstrate that WM and IM will maintain business continuity through completion of the sale, the Firm has used existing BAU and resolution plan processes, including those described in Section 4.3 *Operational Continuity*, to identify key Business Unit and Support and Control Function ("**SCF**") dependencies and to develop a strategy to maintain service continuity and retain business value.

To demonstrate that WM and IM are separable, the Firm has a strategy for dedicated personnel, vendor services, technology, facilities and related contracts likely to be transferred to each buyer on the first day after the divestiture. Necessary shared services and resources may be provided to buyers by operationally and financially resilient MSEs pursuant to Transitional Services Agreements ("**TSAs**"), which can be based on existing SLAs between MSEs and their MOE customers. The Firm analyzed potential impediments and performed legal risk assessments to demonstrate that the sales can be executed contemporaneously with no disruption to execution of the ISG Solvent Wind Down. No Material Entities are reliant on sale proceeds as a source of funding to satisfy RCEN or RLEN under the Resolution Strategy.

The Firm drew on its institutional knowledge and governance processes from past involvement, as buyer, seller and advisor, in comparable transactions to produce a "**Marketing and Sale Playbook**," separability strategy and business valuations and to facilitate buyer due diligence, sale package materials and carve-out financial statements and demonstrate its capabilities to populate a virtual data room in a timely manner.

4. Three Pillars of Resolution Planning

The Firm has in place a rational legal entity structure, robust capabilities and effective processes required to implement its Resolution Strategy. Since submitting the 2021 Plan, the Firm continues to further simplify its entity structure, enhance its capabilities and improve its processes across its Three Pillars of Resolution Planning. The Firm has assessed the risks to resolvability outlined in the Final Rule, as well as other risks identified by the Firm, and has enhanced or maintained capabilities to address these risks across the Three Pillars of Resolution Planning.

The following sections provide a detailed overview of the Firm's capabilities across each of the Three Pillars, including how risks to resolvability are identified, assessed and mitigated. The sections are organized according to the Firm's capabilities, which directly address required capabilities identified by the Final Rule. Reference Section 1.4 *Key Capabilities and Enhancements to Support Resolvability* for a summary of how the Firm continues to enhance its capabilities to further support its resolvability.

4.1. Legal Framework

4.1.1. Governance Mechanisms

The Firm's Governance Mechanisms are designed to facilitate timely execution of required Board actions, including authorizing MS Parent to provide financial resources to the Funding IHC and Material Entities in a manner that is resilient to potential creditor challenge. This section describes the Firm's key Governance Mechanisms capabilities:

- **Trigger and Escalation Framework:** Embedded into the Firm's global capital and liquidity policies to indicate when the Firm is transitioning from each period in the stress continuum and identify when escalation is needed to senior management and Boards to facilitate timely decision making;
- **Governance Playbooks:** Incorporate the Trigger and Escalation Framework and discuss the fiduciary duties of MS Parent and Material Entity Boards in order to support required actions;
- **Support Agreement Framework:** Underpins the Resolution Strategy, whereby MS Parent and/or the Funding IHC are contractually obligated to downstream financial support upon clearly defined triggers, enabling Material Entities and certain other entities to have sufficient capital and liquidity to execute the Resolution Strategy; and
- **Material Entity Sales Proceeds Funding Agreements:** While the Firm does not rely on the sales proceeds to execute its Resolution Strategy, these agreements allow for any proceeds to serve as an additional source of liquidity in resolution.

The Firm's Governance Mechanisms address the legal issues associated with the implementation of the stay on cross-default rights described in Section 2 of the ISDA Protocols and other contractual provisions that comply with the requirements of the QFC Stay Rules. In addition, the Governance Mechanisms describe the Firm's preferred relief being sought in MS Parent's Chapter 11 Proceeding and address issues that are likely to be raised at the hearing, including through:

- **"Bankruptcy Playbook"**: Includes all steps and motions needed to file for bankruptcy, essential strategies and components including the override of cross-default rights of QFC counterparties and gaining support of international regulators; and
- **Emergency Motion:** Seeks relief from the Bankruptcy Court necessary to meet the requirements of the ISDA Protocols.

4.1.1.1. Trigger and Escalation Framework

The Firm's Trigger and Escalation Framework is designed to guide the execution of the Resolution Strategy by defining triggers to inform timely execution of required actions, including the provision of capital and liquidity support to the Funding IHC and Material Entities and the decision of MS Parent to file for bankruptcy. These triggers are based on capital and liquidity metrics, including RCEN and RLEN, and reflect changes to the Firm's capital and liquidity positions that may result from anticipated market conditions.

Exhibit 4-1 depicts the sequence of triggers in the context of the continuum between Baseline and the Resolution Period. The Trigger and Escalation Framework has been embedded in capital and liquidity policies, as appropriate, to document related roles and responsibilities. These triggers are described in greater detail in Section 3.1 *Resolution Strategy Overview*.

Exhibit 4-1. Trigger and Escalation Framework through the Continuum

The Trigger and Escalation Framework is flexible enough to function under a wide range of failure scenarios. In any conceivable stress scenario, the Firm's Trigger and Escalation Framework would be activated well in advance of the time at which the Firm's solvency could be in doubt. The Trigger and Escalation Framework allows sufficient time to prepare for resolution even in scenarios that are different or more severe than the "**Primary Scenario**", which is the hypothetical financial scenario underpinning the Plan.

The Firm's Trigger and Escalation Framework is grounded in three principles:

- **MIS capabilities:** Triggers should be linked to metrics that are frequently monitored during Baseline and are incorporated into existing capital and liquidity policies and frameworks;
- **Timing of actions:** Triggers should enable the Firm to take or begin taking certain actions when bankruptcy is sufficiently remote, allow sufficient time to prepare for resolution (e.g., Runway) and enable the downstreaming of MS Parent resources in advance of a bankruptcy filing; and
- **Flexibility:** Triggers should detect stress in a wide variety of failure scenarios.

The Firm's triggers inform the timely provision of any MS Parent and Funding IHC support necessary to maintain capital and liquidity levels at Material Entities in excess of applicable constraints. Such Material Entity capital and liquidity triggers (e.g., those which are based on regulatory capital minimums), as appropriate, have been included within the applicable capital and liquidity policies.

4.1.1.2. Support Agreement Framework and Legal Challenge Analysis

The Support Agreement is designed to contractually obligate and incentivize MS Parent to provide capital and liquidity resources to the Material Entities and the Funding IHC prior to MS Parent reaching the point of non-viability ("**PNV**"). It allows the Firm to deploy resources flexibly through the Positioning Framework while ensuring that Material Entities and the Funding IHC would maintain sufficient capital and liquidity resources during a resolution scenario, enabling them to successfully execute the Resolution Strategy while MS Parent is resolved in a Chapter 11 Proceeding.[15] The Support Agreement (i) provides the Firm with the flexibility to maintain a certain level of resources at MS Parent and the Funding IHC that can be deployed to those Material Entities most in need based on an assessment of the most current and accurate information available during such a time of stress and (ii) makes the Resolution Strategy less vulnerable to ring-fencing and other funding frictions that could exist under full positioning. The Support Agreement links to the Trigger and Escalation Framework, which prescribes when the Firm must take clearly identified actions to implement the Resolution Strategy, including the obligations of MS Parent and the Funding IHC and the provision of support to Material Entities.

Based on an updated legal analysis of potential creditor challenges, and other associated mitigants, the Firm believes that MS Parent support to Material Entities and the Funding IHC in a time of Material Financial Distress is resilient to potential creditor challenges.

4.1.1.3. Governance Playbooks

Playbooks have an important role in identifying actions the Firm is expected to take during periods of stress and resolution as well as confirming that the Firm currently has the capabilities to support such actions. Accordingly, the Firm has tailored Governance Playbooks for MS Parent, the Funding IHC and each Material Entity. The Firm's Governance Playbooks are complemented by additional playbooks specifying required actions, including the (i) Bankruptcy Playbook, (ii) "**Financial Stress Communications Playbook**" and (iii) "**Employee Retention Playbook**."

The Governance Playbooks demonstrate the Firm's analysis of appropriate Governance Mechanisms throughout the stress continuum. The Governance Playbooks set out resolution-related considerations for MS Parent, the Funding IHC and each Material Entity, including the strategic decisions and actions expected to be made by the Boards and the consistency of such decisions with the Directors' fiduciary duties.

The Governance Playbooks serve as a framework for the decision making process the Boards may go through in a resolution scenario. However, actual decisions would be made in light of the facts and

[15] Immediately prior to MS Parent's failure, the Support Agreement provides for the subordination of upstream intercompany debts from the Material Entities and certain other entities to MS Parent and an extension of term of the same, in addition to the cancellation of the Funding Note issued to MS Parent from the Funding IHC.

circumstances existing at the time, after due consideration by the Boards and based on: (i) the information before the Boards, (ii) their obligations under the Support Agreement and (iii) the exercise of their fiduciary duties. If MS Parent or the Material Entities were to experience Material Financial Distress, the relevant directors would likely consult with external counsel in order to take actions consistent with the exercise of their fiduciary duties.

The Firm has conducted a conflicts of interest analysis and identified all instances where an individual currently serves on the Board of two or more Material Entities.

The Support Agreement substantially reduces the potential for conflicts of interest among MS Parent, the Funding IHC and the Material Entities. The Support Agreement is executed in BAU, when the interests of MS Parent, the Funding IHC and the Material Entities are aligned. During Recovery and Runway, even if the interests of MS Parent, the Funding IHC and the Material Entities with respect to the downstreaming of financial resources might conflict, MS Parent and the Funding IHC each have secured contractual obligations to provide financial resources to the Material Entities. Conflicts between Material Entities are substantially eliminated by the Firm's SPOE Resolution Strategy, as all Material Entities will benefit from the implementation of the Resolution Strategy. Triggers are set early enough so that all Material Entities will remain solvent and have adequate resources to perform both intercompany and third-party obligations.

However, while the likelihood of conflicts is remote, the Firm has conflict of interest identification and protocols, including director resignation processes to mitigate conflicts in the unlikely event that they arise.

The Firm has also briefed the Boards of MS Parent and the Material Entities on, among other things, the Resolution Strategy, Support Agreement Framework, Governance Playbooks and Positioning Framework and made enhancements and clarifications to the Governance Playbooks based on those discussions.

4.1.2. Legal Entity Rationalization

In conducting its global business operations, the Firm utilizes a network of legal entities that are aligned with and support the operations of the Firm's Core Business Lines, to service its institutional, corporate and retail clients from around the world. While the Firm's legal entity structure is driven by its regulatory, client, business, financial and other needs, the Firm recognizes the importance of maintaining a rational and resolvable legal entity structure as the Firm's business strategy and external operating environments evolve. The maintenance of a rational legal entity structure supports the Firm's resolvability objectives, by allowing for transparency on the role that each legal entity serves for the Firm and by facilitating the provision of financial resources to those legal entities that are vital to the execution of the Resolution Strategy.

In support of the legal entity governance framework and the simplification of its business model, the Firm continues its efforts to reduce the number of legal entities within its structure, so that the remaining legal entities conduct activities and operations that are clearly in support of the Core Business Lines. As of December 31, 2022, the Firm held 704 consolidated legal entities within its structure, a 4% reduction from 735 as of December 31, 2018 which is inclusive of the 86 entities created through acquisitions during that period (E*TRADE, Eaton Vance, Solium, Cook Street Consulting, Hyas Group and American Financial Systems).

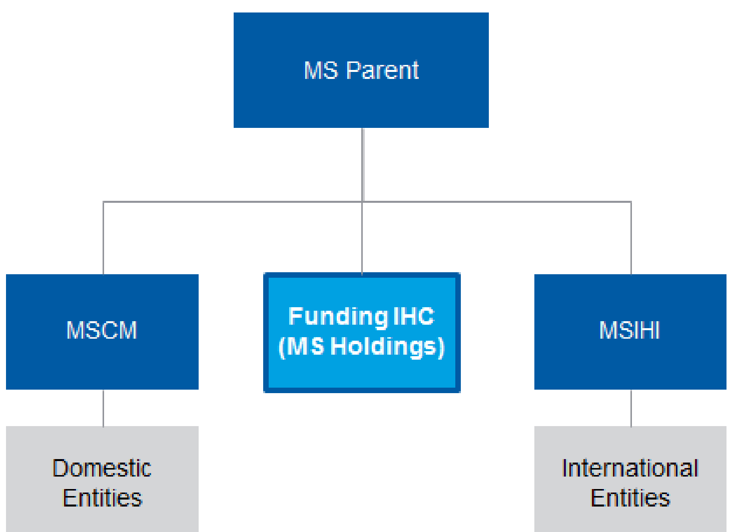
To support transparency on its existing consolidated legal entity population, the Firm maintains clearly defined purpose types and risk ratings for each of its existing consolidated legal entities. These legal entity data attributes are reviewed and updated through BAU processes on a periodic basis. In addition, the Firm's annual Redundancy & Dormancy Assessment incorporates both qualitative and quantitative analysis to identify potential dormant and/or redundant legal entities that can be rationalized or repurposed as required.

4.1.2.1. Funding IHC

To provide funding flexibility and to enhance the ability to allocate financial resources as needed to the Material Entities in BAU and throughout the stress continuum, including in resolution, the Firm utilizes the Funding IHC, Morgan Stanley Holdings LLC. The Funding IHC reduces reliance on the precision of resolution execution need estimates for individual Material Entities and offers additional mitigation to potential creditor challenge. Establishment of the Funding IHC provides for greater funding flexibility in normal course and in resolution.

The Funding IHC is a 100% owned, direct subsidiary of MS Parent with no capital ownership in any entities. The Funding IHC, which is an MSE, is reviewed as a part of the Firm's annual Material Entity Designation Process and adheres to the Firm's Service Company Principles. The ownership structure including the Funding IHC is shown in Exhibit 4-2.

Exhibit 4-2. Ownership Structure



The Funding IHC will not have third-party creditors and therefore has no requirement to be externally rated.

Under the terms of the Support Agreement, MS Parent provides required funding to the Funding IHC in exchange for a funding note. MS Parent is able to draw down on the Funding IHC resources through a committed line of credit. The Funding IHC will provide support to certain Material Entities prior to MS Parent's failure and capital and liquidity to all Material Entities following an MS Parent bankruptcy filing.

4.1.2.2. Legal Entity Governance & Structure Frameworks

The Firm remains committed to the maintenance of its rational and resolvable legal entity structure as the Firm's business strategy and external operating environments evolve. In order to achieve this, the Firm has established the Legal Entity Governance & Structure Frameworks, which provide a systematic and repeatable method for ensuring that the legal entity structure remains rational and resolvable.

The Legal Entity Governance & Structure Frameworks are underpinned by the establishment of the LER Criteria & Standards, which set forth the requirements for the Firm's legal entity ownership structures. Adherence of the Material Entities to the LER Criteria & Standards is validated through the Annual Assessment of Legal Entity Structure. Additionally, all changes to the Firm's legal entity structure (new entities, acquisitions, mergers, reparenting, repurposing, etc.) are subject to assessment against the LER Criteria & Standards as a pre-requisite for approval by the relevant governance committees.

To oversee the Legal Entity Governance & Structure Frameworks, the Firm utilizes both regional and global legal entity committees and dedicated personnel to provide the appropriate level of governance within the monitoring and management of legal entity structure and rationalization specific issues and risks.

4.1.3. Legal Obstacles Associated with Emergency Motions

The Plan includes the Firm's strategy to satisfy the conditions necessary to satisfy the creditor protection conditions of the ISDA Protocols via an emergency Guarantee Administrative Priority Motion that causes the claims of the counterparties under MS Parent credit enhancements to be elevated to administrative priority status in MS Parent's Chapter 11 Proceeding. In addition to the requested relief, the Guarantee Administrative Priority Motion addresses potential legal obstacles that arise without the implementation of the permanent stay on QFC cross defaults.

The Firm's Bankruptcy Playbook outlines the basic process for preparing for MS Parent's bankruptcy filing and addresses the key issues in the days and weeks preceding and immediately following the bankruptcy filing. The Bankruptcy Playbook ties the key steps that are necessary to prepare for the bankruptcy filing to the triggers, timeframes and escalation processes described in the MS Parent Governance Playbook and addresses the Legal Obstacles Associated with Emergency Motions capability from the Final Rule. MS Parent actions and related items within the Bankruptcy Playbook include:

- An "**ISDA Protocols Playbook**" that analyzes issues associated with the implementation of the stay on cross default rights described in Section 2 of the ISDA Protocols and provides an actionable guide to supplement the related motions and memoranda with a day-to-day description of the steps that would be taken in the periods before entering and upon commencement of the Bankruptcy Proceeding;
- A Guarantee Administrative Priority Motion seeking preferred and alternative relief, and consistent with the requirements of the ISDA Protocols, to (i) elevate guarantees of subsidiary

QFCs to administrative expense status (as preferred relief) or (ii) transfer certain of MS Parent assets and guarantee obligations of subsidiary QFCs to a new holding company owned by a trust for the sole benefit of MS Parent's bankruptcy estate (as alternative relief); and

- An actionable document completion guide, including other forms of the key motions and other documents necessary to be filed with the Bankruptcy Court to implement the Resolution Strategy.

The ISDA Protocols and the QFC Stay Rules represent a key development in eliminating the potentially destabilizing effects of early terminations of QFCs due to the inclusion of cross-default rights on the orderly resolution of a G-SIB and enhance the ability of the Firm to unwind its QFCs in an orderly manner in accordance with its Resolution Strategy. The Firm analyzed the impact of early termination rights in QFCs on MS Parent's resolution, including legal issues associated with the implementation of the stay on cross-default rights, and expects that counterparties would not be able to exercise cross-default rights that would otherwise be available upon MS Parent's insolvency.

The Firm undertook a "**QFC Remediation Project**" which addressed various resolution-related impediments associated with contractual provisions contained within the Firm's QFCs, digitized the Firm's institutional QFCs, and improved institutional and investment management QFC recordkeeping. The Firm has complied with the QFC Stay Regulations, completed associated adherence to the U.S. Protocols, and complied with QFC Recordkeeping Regulations.

4.1.3.1. Bankruptcy Playbook

The Bankruptcy Playbook sets forth MS Parent's strategic actions from the Recovery Period through the Resolution Period. The Bankruptcy Playbook describes the basic process for preparing for MS Parent's bankruptcy filing, key issues that will need to be addressed in the days and weeks preceding and immediately following the bankruptcy filing, and legal obstacles associated with emergency motions.

The Bankruptcy Playbook includes a step-by-step bankruptcy plan that lays out the steps that would need to be taken to prepare for the bankruptcy filing and ties such steps to the Trigger and Escalation Framework. Key MS Parent actions serve as the main chapter headers, with triggers and timeframes signaling the commencement and end of such actions noted in each chapter.

Key MS Parent actions and related items within the Bankruptcy Playbook include:

- Provision of financial support to the Material Entities prior to filing for Chapter 11, while the Firm's Material Entities are supported by capital and liquidity provided by the Funding IHC following the Chapter 11 filing;
- Oversight of the execution of business sales;
- An ISDA Protocol Playbook that analyzes issues associated with the implementation of the stay on cross default rights described in Section 2 of the ISDA Protocols and provides an actionable guide to supplement the related motions and memoranda with a day-to-day description of the steps that would be taken in the periods before entering, and upon commencement of, MS Parent's Bankruptcy Proceeding;

- An enhanced Guarantee Administrative Priority Motion to obtain Bankruptcy Court approval to elevate guarantees of subsidiary QFCs to administrative expense status, consistent with the requirements of the ISDA Protocols;
- Other emergency and routine first day motions, including indications of requisite information and the sources of such information;
- Subsidiary terminations of QFCs with MS Parent, including close-out processes;
- Establishment of and interaction with the creditors' committee;
- Execution of resolution operating agreements and other interactions with Material Entities;
- Payments to "**Critical Vendors**;"
- Issuance of a disclosure statement and plan of reorganization; and
- Description of the resulting organization upon completion of the resolution process.

The Bankruptcy Playbook seeks to demonstrate that:

- MS Parent, leveraging its pre-drafted forms and advance planning, is able to prepare and commence the Chapter 11 Proceeding quickly and in an orderly manner;
- MS Parent's commencement of a voluntary case under Chapter 11 of the Bankruptcy Code does not result in any payment defaults to the customers and counterparties of the Material Entities and their Critical Functions;
- MS Parent and Funding IHC financial resources will be made available to the Material Entities to meet their needs in resolution in a way that preserves the value of the Material Entities and minimizes the risk of potential creditor challenges to such support;
- The Firm can be resolved in an orderly manner without any reliance on U.S. or foreign government financial support; and
- Governance Mechanisms exist to facilitate timely decision making and action by MS Parent and the Funding IHC.

4.2. Financial Adequacy

To support its financial resiliency and resolvability, the Firm maintains sufficient financial resources and a suite of liquidity and capital capabilities. In BAU and stress scenarios, the Firm's financial resources allow for absorption of a significant amount of capital losses or liquidity outflows without causing a material impact to the business operations of the Firm and its capabilities allow for the proper monitoring and management of any associated risks. In the event of MS Parent's failure, these resources help ensure that the Material Entities will remain adequately capitalized and have sufficient liquidity throughout the Resolution Period, resulting in an orderly resolution with minimal impact to global financial markets.

As a foundation, the Firm maintains substantial reserves of financial resources, which are sufficient to cover upfront losses, outflows and losses during Runway, RLEN and RCEN, as well as durable sources of funding, with the following as of December 31, 2022:

- Loss absorbing capacity that is compliant with all TLAC rules in effect at the Firm level equal to $246 billion of external TLAC, including $159 billion of long-term debt;
- Firm-consolidated highly liquid assets ("**HLA**") of $312 billion; [16] and
- A significant majority of unsecured debt issuances by MS Parent with original maturities of greater than one year.

To supplement these financial resources, the Firm's capabilities cover the areas of RLAP, RLEN and MOL as related to Liquidity, and RCAP, RCAP* (which excludes upfront losses that are included within RCAP) and RCEN, including MCL as related to Capital.

The Firm holds a percentage of capital and liquidity resolution needs at the MOEs pursuant to the Positioning Framework. The following sections discuss the capabilities within Liquidity, Capital, and the positioning and downstreaming of these financial resources in further detail.

4.2.1. Liquidity

The Firm's liquidity capabilities cover the areas of RLAP and RLEN. RLAP consists of maintaining adequate levels of liquidity such that the stand-alone liquidity position of each Material Entity would be sufficient to meet liquidity outflows experienced over a 30-day period of idiosyncratic stress under a ring-fencing scenario. RLEN provides an estimate of the amount of liquidity that each Material Entity requires to operate during the Resolution Period in accordance with the Resolution Strategy. "**Near Term RLEN**" includes the same components as RLEN, except it estimates a shorter horizon. MOL represents the intraday and end of day liquidity usage required to support daily operations. Ring-fenced MOL is included within RLAP and RLEN estimates. The formulas for RLAP and RLEN are comprised of:

- RLAP = MOL + base ILST contingencies + additional ring-fencing contingencies;
- RLEN = peak of (MOL + peak cumulative liquidity outflows) in the Resolution Period;
- Near-Term RLEN = peak of (MOL + peak cumulative liquidity outflows) in the next 10 business days of the Resolution Period; and
- MOL = Intraday and end of day liquidity usage to support daily operations, plus any additional requirements that may result from assumed ring-fencing.

4.2.1.1. Resolution Liquidity Adequacy and Positioning

To assess the stand-alone net liquidity position of its legal entities, the Firm's RLAP methodology measures the adequacy of the Firm's liquidity under a ring-fencing scenario and is incorporated within the

[16] Average Daily Balance, Three Months Ended as of December 31, 2022.

ILST. The RLAP model covers a period of 30 days and reflects the idiosyncratic liquidity risk profile of the Firm, covering:

- MOL, assuming a ring-fencing scenario (e.g., no intra-day sharing of resources across legal entities and MS Parent);
- Base Contingencies, which include external and inter-affiliate liquidity outflow contingencies based on the Firm's existing ILST; and
- Ring-fencing Contingencies, which include inter-affiliate contingencies taking into account the potential impact of a ring-fencing scenario (i.e., treating inter-affiliate exposures in the same manner as third-party exposures).

4.2.1.2. Resolution Liquidity Execution Need

RLEN represents the amount of liquidity required by each Material Entity to stabilize the entity subsequent to the failure of MS Parent and to allow the entity to operate post-filing to execute the Resolution Strategy. For each Material Entity, the Firm defines RLEN as the peak of the sum of the following two components during the resolution period:

- MOL, which consists of MOL required under the ring-fencing scenario; and
- Funding requirement, which consists of the cumulative daily liquidity net outflows during the Resolution Period.

For each Material Entity, RLEN covers the entirety of the Resolution Period. Depending on the nature of its underlying activities and resulting exposures, a Material Entity may experience its peak RLEN at any point in the Resolution Period, including the Stabilization Period.

4.2.1.3. Minimum Operating Liquidity

The Firm uses liquidity on an intraday and end-of-day basis to support its daily operations. Intraday liquidity usage includes usage of the Firm's own cash, usage of unsecured intraday credit from third parties and collateral requirements to support secured intraday credit from third parties. End-of-day liquidity usage includes overnight usage of the Firm's own cash or credit from third parties. MOL requirements under the RLAP and RLEN scenarios assume a ring-fencing scenario in which there is no intraday resource sharing across entities.

The Firm maintains a dynamic MOL ("**DMOL**") methodology to link MOL forecasting directly to projected activity and remaining Material Entity balance sheets as stress materializes. The Firm's DMOL model captures key, granular drivers of intraday liquidity usage and frictional funding needs. The model also accounts for the change in intraday requirements proportionally with the decrease in the Firm's activities, including from loss of PB clients.

4.2.2. Capital

For capital, RCAP consists of maintaining adequate levels of external TLAC to support the Firm's ability to absorb losses in stress scenarios as well as the determination of the appropriate positioning of the ILAC between MS Parent and each of the MOEs (i.e., RCAP*). RCEN provides an estimate of the amount of capital that each Material Entity requires for the execution of the Resolution Strategy, while still maintaining capital levels that allow them to operate or to be wound down in an orderly manner. "**Near Term RCEN**" includes the same components as RCEN, except it estimates a shorter horizon.

The components of the Firm's capital capabilities are:

- RCEN = peak of (MCL + cumulative losses) in the Resolution Period;
- Near-Term RCEN = peak of (MCL + cumulative losses) in the next 10 business days of the Resolution Period;
- RCAP = theoretical Distress Loss + Runway losses + RCEN; and
- RCAP* = Runway losses + RCEN.

Significant levels of external TLAC, which currently exceed total TLAC and long-term debt requirements, are in full compliance with all TLAC rule requirements in effect as of this submission.

4.2.2.1. Resolution Capital Adequacy and Positioning

The Firm has sufficient financial capacity to satisfy the external TLAC requirements. As of December 31, 2022, the Firm held $246 billion of external TLAC, of which $159 billion was long-term debt. These resources would enable the Firm to recapitalize its Material Entities to adequate levels and thereby enable the Material Entities to maintain operations in the Resolution Period.

In December 2016, the Federal Reserve Board ("**FRB**") published final rules instituting external TLAC, long-term debt and clean holding company requirements. The Firm has conducted a review of these final rules, which mandate that the Firm hold specified amounts of external "loss absorbing capacity," including minimum amounts of equity and eligible long-term debt and restrict the activities that can be performed by the Firm's holding company. The rule contains requirements, including requiring eligible long-term debt to (i) be issued by the covered Bank Holding Company ("**BHC**"), (ii) be unsecured, (iii) have a maturity of one year or more from the date of issuance and (iv) not have certain derivative-linked features. The Firm is compliant with all TLAC rule requirements in effect as of this submission.

U.S. Title I Guidance prevents the Firm from going through a prolonged period of stress for submission modeling purposes to avoid a material reduction in risk. The Firm has an adequate amount of loss absorbing capacity to recapitalize Material Entities.

RCAP is defined as the sum of theoretical Distress Loss, Runway losses and RCEN. The theoretical Distress Loss is defined as an idiosyncratic loss that erodes the Firm's capital base, taking the Firm from its Baseline Target into the Runway stage of the stress continuum. The theoretical Distress Loss included in RCAP is used as a means to create a hypothetical failure scenario, and is therefore excluded from the RCAP* that the Firm uses to inform ILAC positioning. RCAP* is equal to Runway losses plus RCEN and informs the positioning of ILAC at the MOEs.

Pursuant to its Positioning Framework, the Firm positions an appropriate amount of ILAC at its MOEs. The Firm defines ILAC of an MOE as the sum of its equity and intercompany debts owed to MS Parent, the Funding IHC or other entities that can be forgiven pursuant to the Support Agreement.

4.2.2.2. Resolution Capital Execution Need

RCEN represents the amount of internal loss absorbing capacity required by each Material Entity to stabilize the entity subsequent to the failure of the Firm and to allow the entity to operate post-filing to execute the Resolution Strategy. Near-Term RCEN includes the same components as RCEN, except it estimates a 10 business day horizon instead of the 12 month horizon used in RCEN. For each Material Entity, the Firm defines RCEN to be the peak of the sum of MCL and cumulative losses.

The Firm utilizes its RFM to estimate the financial resources required for each Material Entity within Runway and Resolution, including estimates of RCEN and Near-Term RCEN. Depending on the nature of underlying activities and resulting exposures, Material Entities may experience the peak RCEN at any point during the Resolution Period, including the Stabilization Period.

4.2.2.2.1. Minimum Capital Levels

The Firm determines MCL for the Material Entities such that they can remain above any applicable regulatory minima and maintain compliance with regulatory requirements during the execution of the Resolution Strategy. The Firm uses applicable regulatory requirements or other relevant requirements to determine appropriate capital levels relative to levels to which the Firm manages in the normal course. In the absence of regulatory requirements, the Firm determines appropriate MCL based on internal standards. In doing so, the Firm would maintain levels of capital across all tiers and requirements that avoid insolvency of the entity and any actions by its regulator or board that may run contrary to successful Resolution Strategy execution. The Firm takes a “greater of” approach with respect to applicable regulatory requirements when determining the MCL. The considerations for MCLs vary depending on the nature of the Material Entity.

4.2.3. Resolution Financial Model

The Firm utilizes its RFM to estimate the RLEN and RCEN required for each Material Entity in Resolution. The RFM sources underlying data related to the positions, balance sheets and income statements of the Firm’s Material Entities to estimate required resources necessary for the successful wind down of the ISG MOEs and the support of the WM and IM businesses until their points of sale. The RFM provides daily liquidity flows and P&L estimates, with associated liquidity and capital requirements, for each Material Entity over the Resolution Period and quantifies the size and composition of any residual portfolio at the end of the Resolution Period.

Outputs from the RFM are integrated into the Firm’s Governance Mechanisms, as they inform the timing of the occurrence of a Resolution Trigger. To support proper oversight of the RFM, the Firm’s independent model validation group, Model Risk Management (“**MRM**”), reviews and validates underlying modules within the RFM. The Liquidity Risk Department (“**LRD**”) also reviews the methodology and results from the RFM. All model results are subject to review and challenge by the firm’s subject matter experts including Business, Operations, Finance, Legal, and Risk.

4.2.3.1. Sensitivity Analyses

The Firm periodically conducts sensitivity analyses on certain material RLEN and RCEN drivers, including those that are more subjective in nature. The sensitivity analyses represent additional or different stresses from the Firm's base resolution scenario, and are conducted as part of the regular model revalidation or to assess potential impact from certain market events. The outcomes of the sensitivity analyses are used to assess the appropriateness of the Firm's RLEN and RCEN methodologies, and inform management of the potential stress impact as market events unfold.

The Firm has implemented a centralized scenario tool to facilitate the dynamic framework and sensitivity analysis. The centralized scenario tool allows for drivers to be adjusted to generate alternative scenarios with results memorialized to allow for greater transparency and control. The tool allows for multiple drivers to be adjusted simultaneously.

4.2.3.2. Governance

The RFM governance framework covers the methodology, process, results, data and infrastructure for the modeling process and associated results. Each model within the RFM undergoes review and challenge by various Business Unit and SCF subject matter experts, including LRD, as well as annual recertification and periodic revalidation process by MRM. Review and challenge participants challenge the Firm's assumptions and methodologies and review modeling results.

4.2.4. Positioning Framework

The Firm's Positioning Framework determines the amount of liquidity and loss absorbing capacity to hold at MS Parent, the Funding IHC and each of its Material Entities. The Positioning Framework:

- Balances the certainty associated with positioning resources directly at Material Entities with the flexibility provided by holding resources at MS Parent or the Funding IHC to meet unanticipated losses or outflows at the Material Entities;
- Ensures that liquidity is readily available to meet outflows over a period of 30 days in a scenario reflecting the idiosyncratic liquidity profile and risk of the Firm, assuming inter-affiliate frictions and ring-fencing (i.e., RLAP);
- Complements the Firm's external TLAC with appropriate positioning of ILAC at the MOEs;
- Ensures working capital is readily available for MSEs to mitigate any unanticipated service payment delays or disruptions and/or intraday needs;
- Provides that sufficient resources are maintained within the Firm to meet Material Entity resolution execution needs; and
- Accounts for applicable internal and regulatory requirements.

4.2.4.1. MOE Positioning

The Firm determines the amount of liquidity and ILAC to position at MOEs in BAU by assessing (i) downstreaming frictions, complexity and interconnectedness, to arrive at a positioning percentage to be applied to resolution requirements and (ii) any additional requirements based on the nature of the MOE (e.g., regulatory requirements).

4.2.4.2. MSE Positioning

The Firm's operational continuity strategy and associated SLAs help to ensure the MOEs remain contractually obligated to pay for services received from the MSEs throughout resolution. The MOE RLEN and RCEN modeling account for these continued payments to the MSEs. The Firm positions working capital at the MSEs through the six week Stabilization Period plus two weeks to ensure the MSEs have appropriate resources through the initial, potentially tumultuous time. For MSEs with positioning requirements prescribed by regulators, the Firm positions the greater of the two-month peak working capital and the regulatory requirement.

4.2.4.3. MS Parent Positioning

The Firm ensures MS Parent and the Funding IHC, combined, maintain liquid resources above requirements. The Firm also monitors the Recovery, Runway and Resolution Triggers, which consider MS Parent and Material Entity fungible excess resources against support for Material Entities to meet RLEN and RCEN. Reference Section 4.1.1 *Governance Mechanisms* for details on the Firm's Trigger and Escalation Framework.

4.2.4.4. Maintaining Resolvability of the Firm

The Firm has established and implemented a governance process around its Positioning Framework to enhance resolvability. The Positioning Framework governance structure is integrated within the Firm's existing policies, procedures, data, and reporting controls. The positioning amounts are refreshed on a daily basis and the positioning percentages are refreshed at least annually.

4.2.5. Intercompany Funding Recovery and Resolution Playbook

The Intercompany Funding Recovery and Resolution Playbook documents the Firm's intercompany senior unsecured funding framework as well as the actions that will be taken to infuse liquidity and capital to meet the Material Entities' requirements and support MSDHI and the E*TRADE Securities[17] throughout the stress continuum. The Firm will rely on BAU processes to execute these infusions and the Intercompany Funding Recovery and Resolution Playbook documents the processes and the related responsibilities.

The Firm's Funding IHC allows for the as-needed allocation of financial resources to the Material Entities in Runway and Resolution, reducing reliance on the precision of resolution execution need estimates. The Intercompany Funding Recovery and Resolution Playbook provides detail on the capabilities of the Funding IHC as well as the actions needed to effectively use liquidity throughout the stress continuum.

[17] In connection with the acquisitions of E*TRADE and Eaton Vance, the Firm has committed to supporting MSDHI in resolution to enable it to meet obligations assumed as a result of those acquisitions and E*TRADE Securities (E*TRADE broker-dealer) so it can remain solvent until its sale with the WM business or merger with MSSB.

4.2.6. Trigger and Escalation Framework and Support Agreement Incorporation

The Firm's Trigger and Escalation Framework incorporates liquidity and capital metrics to support timely execution of the Resolution Strategy. The RLEN and RCEN estimates are incorporated into the Recovery, Runway and Resolution Triggers to ensure that MS Parent recognizes the stress with enough time to send its remaining Contributable Assets to the Funding IHC and files for bankruptcy in a timely manner. These triggers are dynamically calibrated and result in defined actions and escalation processes upon their occurrence. The Firm's Support Methodology ensures that Material Entities are always provided with the required resources to execute the Resolution Strategy.

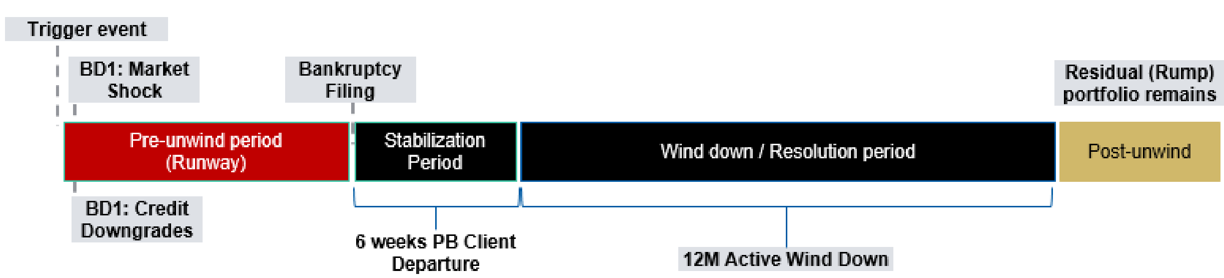
4.2.7. Derivatives and Trading Activities

The main capabilities associated with Derivatives and Trading capabilities are the following:

- Booking Practices;
- Inter-Affiliate Risk Monitoring and Controls;
- Portfolio Segmentation and Forecasting;
- PB Customer Account Transfers; and
- Derivatives Stabilization and De-Risking Strategy.

The Firm's derivatives stabilization and de-risking strategy has been incorporated into its broader Resolution Strategy and outlines the Firm's approach to wind down its derivatives and trading portfolios in an active manner during Resolution. The objective of this strategy is a rapid and orderly unwind of the Firm's MOEs in a manner that maximizes value, minimizes cost and is least disruptive to the broader financial system and real economy. Derivatives booked on the MOEs collectively represent greater than 95% of its derivatives exposure by notional. The Resolution timeline and sequence of events are summarized in Exhibit 4-3.

Exhibit 4-3: Resolution Timeline and Sequence of Events



Based on its analysis, assumptions and associated RFM outputs, the Firm demonstrates that it has the financial capacity to exit substantially all of its MOE positions within the Resolution Period and that, based on facts and circumstances of an actual event, it could increase or decrease the speed at which it chooses to exit positions while still maintaining compliance with applicable MOE regulatory capital minimums, holding sufficient liquidity to continue to perform obligations as they come due and meeting heightened requirements for maintaining access to its top Financial Market Utilities and Agent Banks that are necessary for the execution of the wind down.

4.2.7.1. Booking Practices

4.2.7.1.1 Overview of Booking Practices

The Firm engages in external and inter-affiliate transactions within a variety of underlying asset classes (including derivatives, securities, and funding mediums, such as debt and secured funding) to support its external client needs and activities and internal risk management processes. A combination of internal and external factors, including business, product line, legal entity, jurisdiction, client preference, business demands, financial, systems and/or legal/regulatory requirements, are taken into consideration in determining the most appropriate booking arrangements for a particular trading activity. These factors impose a commercial need for the Firm to allow for a multitude of combinations and to provide the resources necessary to support these combinations in a controlled manner.

The Firm executes all ISG trading activities in accordance with its booking model principles, as defined in the Global ISG Booking Model Policy and enforced under the governance of the Global ISG Booking Model Committee (the “**Booking Model Committee**”) and its charter.

4.2.7.1.2 Booking Model Governance

Following the 2021 Plan, the Firm has continued to enhance its Booking Model Governance to support the execution of its preferred Resolution Strategy. The Global ISG Booking Model Policy was updated with an expanded Policy scope, expanded Business Unit ownership, additional Booking Model Principles, and improved governance processes.

The following Booking Model Principles are used to guide the Firm’s Booking Model practices and support usage of legal entities for transactions and risk management of related exposures.

1. Rationalize the number of client facing entities
2. Optimize risk regionally or globally for efficient risk management
3. Rationalize the number of inter-affiliate transactions
4. Align risk and return at the entity level
5. Maintain Booking Model governance, including controls, infrastructure, and MI
6. Satisfy relevant accounting, regulatory and statutory requirements
7. Support the Firm’s Recovery & Resolution planning principles, including usage of legal entities
8. Efficiently use Firm and legal entity resources, including capital, liquidity and funding

When reviewing booking model changes for approval, the Booking Model Committee takes into consideration the Booking Model principles, the Firm’s global resources and any other factors deemed relevant. Regional governance takes into account local requirements and considerations in reviewing proposed booking model changes. The Booking Model Committee has expanded its membership since 2021 to include more regional representation across various Business Unit, Infrastructure, as well as second line of defense.

4.2.7.1.3 Booking Model Inventory

Since the 2021 submission, the Firm has continued to make progress in the development of its Booking Model Inventory. As of Q4 2022, the majority of products within the ISG business has been incorporated into the Booking Model Inventory, which now includes products beyond OTC Derivatives.

Through the Global ISG Booking Model Policy, the Firm has set a policy to require the periodic review of booking models. This policy requires that the Booking Model Inventory be reviewed and analyzed regularly to verify compliance with the Booking Model Principles as well as to identify whether any optimization opportunities exist. One of the key enhancements since 2021 is that the Firm has established trade matching capabilities that compare trading activity against an inventory of approved booking models for Over the Counter ("**OTC**") Derivatives and Fixed Income Division ("**FID**") Cash. The resulting booking model utilization statistics and trade matching rates are reported to the Booking Model Committee on a monthly basis. In addition to these management information, identification of trade bookings that do not conform to an approved Booking Model also happens through trade matching.

To ensure the approved booking model inventory is maintained on an ongoing basis, a Booking Model rationalization process for OTC Derivatives booking models has been established and reviewed by the Booking Model Committee. The Firm will continue to progress on its efforts to expand the Booking Model inventory as well as trade matching capabilities.

4.2.7.1.4 Booking Model Controls

The Firm has established ongoing reporting and business review processes to monitor the effectiveness of controls. This also includes a quarterly Booking Model control summary report that is shared with the Booking Model Committee for awareness purposes.

4.2.7.2. Inter-Affiliate Risk Monitoring and Controls

The Firm has the capability to assess how inter-affiliate risks can be affected in resolution, including the potential disruption in the transfers of risks between affiliate entities.

The Firm has an "**Inter-Affiliate Market Risk Framework**" and can perform the market risk analysis outlined in the framework to understand and manage the interconnectivity of the Firm's Material Derivatives Entities ("**MDEs**") with affiliates. This includes capabilities to address the impact of terminating specific counterparty or affiliate trades for each MDE and re-hedging the risk using cleared and/or listed products.

4.2.7.3. Portfolio Segmentation and Forecasting

The Firm's segmentation and forecasting capability allows it to segment its Firmwide OTC derivatives portfolio at the position level based on how it would package, sell or otherwise wind down that portfolio under its Resolution Strategy. The Firm's approach to segmentation consists of three primary elements:

- A well-structured process to collect assumptions from front-office professionals responsible for originating and managing the transactions in BAU;
- A robust review and challenge process to validate those assumptions with a cross-functional group spanning the front-office, Finance, Treasury and Risk; and
- Quarterly touchpoints with front-office to confirm current segmentation logic.

Exit Strategy

In Resolution, the Firm would dispose of its OTC derivatives positions through contractual terminations, contractual maturities and active wind down through the novation (package and sell) of third-party derivatives and tear-up of inter-affiliate derivatives. The Firm's segmentation analysis is used to construct coherent novation packages. It is also used to match inter-affiliate derivatives to corresponding third-party derivatives (e.g., those sharing common segmentation characteristics) for the purposes of identifying those inter-affiliate derivatives that would be torn up as third-party derivatives are novated.

Exit Timing

The Plan includes assumptions regarding the timing at which various OTC positions would be wound down, taking into account the market environment and liquidity, potential buyers and the operational aspects of executing derivatives novations. These exit timing assumptions are differentiated at the segment level to reflect the nature, concentration and liquidity of different derivatives transactions. To the extent listed derivatives or cash assets are used to hedge OTC positions, the Firm has linked the associated exit timing of listed derivatives or cash assets to the related OTC positions.

Residual Derivatives Portfolio

Under its Resolution Strategy, the Firm expects to be able to dispose of substantially all of the OTC derivatives booked on its ISG MOEs by the end of the Resolution Period through a combination of terminations, contractual maturities, third-party novations and inter-affiliate tear-ups. However, any derivatives positions that remain at the end of the Resolution Period would form a residual portfolio that would be held until contractual maturity if the Firm is unable to exit these positions after the Resolution Period. The Firm has identified potential residual positions across trade and counterparty characteristics.

Exit and Hedging Costs

The Firm estimates exit costs and liquidity impacts by applying bottom-up methodologies, leveraging the same position-level dataset developed to support segmentation analysis. Hedging costs are modeled using bottom-up risk sensitivity factors and stressed bid-offer spreads for each type of hedging activity, subject to the prescribed market access constraints.

Credit Downgrade

At the start of the Runway, the Firm assumes a universal three-notch downgrade of all rated entities. At bankruptcy, the Firm assumes that all ISG MOEs are further downgraded to non-investment grade, and that they fail to reestablish investment grade status for the duration of the Resolution Period. Credit downgrades at the start of the Runway result in liquidity impacts related to terminations and additional collateral requirements. Credit downgrades at bankruptcy do not result in liquidity impacts as the ISDA Protocols note that impacts directly or indirectly linked to MS Parent bankruptcy are stayed.

Initial Margin

Initial Margin liquidity flows result from a combination of (i) additional central counterparty ("**CCP**") margin requirements from stress, (ii) additional CCP margin required from hedging activities, (iii) increase of bilateral IM requirements due to credit downgrades, and (iv) return of margin resulting from wind down.

Variation Margin and Mark-to-Market

The Firm estimates derivatives Variation Margin ("**VM**") and Mark-to-Market ("**MTM**") bottom-up, leveraging counterparty / Firm thresholds at the counterparty account level. Estimates also incorporate changes in Firm thresholds resulting from credit downgrades and the impact of market shock in MTM. As the portfolio unwinds, any changes in MTM are captured and compared to thresholds to determine Variation Margin liquidity flows.

4.2.8. Separability

The Firm is well positioned to execute on the WM and IM sale strategies due to its experience as a leading M&A advisory firm and as a party to retail brokerage and investment management M&A transactions. Recent examples include the Firm's entry into a joint venture by purchasing a controlling stake in Smith Barney in 2009 and its subsequent purchase of the minority stake to own WM in its entirety, as well as the sale of its Retail Asset Management business to Invesco Ltd. in 2010, and its recent acquisitions of E*TRADE and Eaton Vance.[18] The extensive M&A experience housed within the Firm has contributed to the success of these efforts, and the Firm expects to leverage this experience in any future divestitures, including in a resolution scenario.

In particular, divestiture efforts would be supported by Firm Strategy and Execution ("**FSE**"), a function dedicated to Firm M&A activities, and the Firm's Investment Banking Division ("**IBD**"), which is a consistent market leader in M&A advisory services. The Firm's plans to facilitate the separation of its WM and IM businesses in a resolution scenario draws upon this extensive experience, and as described further below, the Firm's deep understanding of sale processes has resulted in the identification and enhancement of certain preparatory steps that could accelerate timing of a sale process.

The Firm's Separability capabilities are designed to facilitate the timely divestiture of WM and IM while providing for meaningful optionality under different market conditions. The Firm's Separability capabilities include:

- Detailed identification of each sale package;
- Marketing and Sale Playbook, which provides an overview of the process to be executed upon an actual sale of potential sale candidates;

[18] The Smith Barney transaction was executed during a period of Firm- and market-wide distress, which may be similar to the conditions that could exist in a resolution scenario.

- Preparation of buyer due diligence materials;
- Carve-out financial statements for each of WM and IM;
- Sale package valuations based on a valuation methodology that takes into account severely stressed operating conditions;
- Assessment of the impact of executing the WM and IM sales from a business, operational, financial, human resources and Critical Function perspective;
- Identification of shared critical services that could be extended to a buyer of the sales package as needed through transitional services agreements;
- Legal risk assessments; and
- Capabilities to populate a data room in a timely manner with information pertinent to the WM and IM sales.

The Firm is committed to maintaining the feasibility and credibility of the current WM and IM sale strategy and E*TRADE and Eaton Vance have been integrated into the WM and IM sale packages.

Sale Structures

The WM and IM sale packages are consistent with the Firm's LER approach to maintaining a rational and resolvable legal entity structure in which legal entities are aligned with, and support the operations of, the Firm's Core Business Lines. The Firm has developed LER Criteria to support separability of the Firm's identified sale candidates.

Marketing and Sale Playbook and Other Preparatory Actions

Marketing and Sale Playbook

The Firm maintains a Marketing and Sale Playbook, which describes the marketing and sale process that the Firm would expect to execute in a resolution scenario. In identifying the expected sale process steps, FSE drew on the Firm's past divestiture experience, including existing marketing, governance and communications processes. The Marketing and Sale Playbook is documented by FSE and describes the (i) preparation, (ii) marketing, diligence and negotiation and (iii) closing and post-closing phases. The playbook also identifies the potential buyer universe and describes valuation analyses and expected sale proceeds.

Sale Package Buyer Due Diligence Materials

The Firm has developed sale package buyer due diligence materials, which involved defining the in-scope business and functional capabilities for each sale candidate and establishing an approach for separating potential sale candidates from the Firm. The exact nature of the sales is expected to be contingent, in many respects, on the buyer type. The sale package buyer documents have therefore been largely prepared based on the expected buyer type, but the separability analysis maintains flexibility to accommodate a wide range of strategic and financial buyers. The WM and IM buyer due diligence materials provide an overview of each business, including the related separability considerations, to support buyer due diligence.

Carve-Out Financial Statements

Carve-out financial statements have been prepared to serve as a basis for valuing WM and IM. The carve-out financials were prepared by WM and IM Finance, the divisions responsible for producing the related business and Material Entity financials in BAU. The carve-out financial statements present the operating results of each business as derived from the financial statements of the WM and IM businesses, including their financial information, financial position, financial adjustments and performance measures as included in the Firm's Annual Report on Form 10-K.

Separability Impact Assessment and Legal Risk Assessment

The Firm has performed an impact assessment of potential risks that may present themselves in the context of the execution of the WM and IM sales. WM, IM, related support and control functions, Treasury, FSE and IBD, among others, collaborated to identify potential risks to execution of the WM and IM sales and developed strategies to mitigate the risk across the business, operational, financial and legal dimensions and with respect to potential impacts on Critical Functions.

The Firm's impact assessment analysis and legal risk assessment demonstrate that the sales can be executed in a timely manner, contemporaneously and with no disruption to the execution of the ISG Solvent Wind Down. The Support Agreement Framework, in combination with the Firm's resolution financial analysis, demonstrate that WM and IM Material Entities will be provided with required capital and liquidity resources to maintain solvency and will continue to perform on obligations to customers and counterparties as they come due during the Resolution Period. With respect to the remaining MOEs that will be part of the ISG Solvent Wind Down and the MSEs that will continue providing critical services during the Resolution Period, none of these Material Entities would be reliant on WM or IM sale proceeds as a source of funding to satisfy their estimated RCEN and RLEN, and none of these Material Entities would be dependent on WM and IM for the execution of the Resolution Strategy. In addition, the sales should not impede the continuity of Critical Functions, with associated operational continuity maintained through sale and transition of requisite services to the buyers. Finally, the Firm's Critical Contracts are structured to facilitate the sales, and the Firm expects that any Board or regulatory approvals necessary to affect the sales would be obtained in a timely manner.

Virtual Data Rooms

As a global investment bank with a leading M&A franchise that engages in due diligence for M&A transactions related to businesses contemplated for disposal or acquisition, the Firm has the capability to populate a virtual data room in a timely manner with information pertinent to a potential divestiture of either business. These capabilities can be leveraged during periods of financial stress.

4.2.9. Financial Stress Communications Strategy

Fundamental to the Firm's ability to manage itself during a period of financial stress is its ability to communicate with its key internal and external stakeholders, including clients, employees, investors and regulators, in a timely and globally coordinated manner. As financial stress events may vary in terms of severity and speed, it is important that the Firm have a well-developed, well-understood communications protocol and clear assignment of responsibilities that can be promptly activated to allow the Firm to achieve its strategic objective of having its key stakeholders take (or refrain from taking) certain actions in a timely manner.

The Firm's global communications strategy is described in the Financial Stress Communications Playbook and is grounded in the principle that the Firm's BAU processes should be "crisis-ready," adaptable to the particular facts and circumstances at the time and able to be executed in a wide range of scenarios in a timely manner.

Central to the global communications strategy is BRM Command, a communications protocol first developed in response to the 2008 financial crisis, which provides globally coordinated communications and governs the Firm's preparedness, organization, escalation and response to events that could potentially affect the Firm's financial position. BRM Command is designed to ensure control over information inflows and outflows, identify and vet potential risks in the current environment, generate customized dashboard reporting of relevant metrics and implement action plans to respond to macro/market and Firm-specific events, including any related counterparty issues.

BRM Command has been successfully implemented in numerous stress events since 2008 (including crises related to the U.S. debt ceiling, Covid-19 related stress, Ukraine invasion, Greece's potential debt default and exit from the Eurozone and the UK's exit from the Eurozone), demonstrating the credibility of the strategy.

Consistency and clarity of communications is important to the execution of the Resolution Strategy. The Financial Stress Communications Playbook sets forth the Firm's plans to manage and execute communications with key stakeholders in periods of financial stress.

4.3. Operational Continuity

Building on BAU RRP capabilities, the Firm continues to upgrade its Operational Continuity capabilities so that the Material Entities would have access to the critical personnel, systems, applications, facilities, vendors and other non-financial resources needed to execute the Resolution Strategy and the ability to produce the data and information and perform the processes necessary to execute the Resolution Strategy.

The below sections describe the Firm's Operational capabilities and strategy for maintaining operational continuity and map to each of the areas identified under the Operational vulnerability in the Final Rule.

4.3.1. Management Information Systems

The Firm utilizes MI across its Core Business Lines and Critical Functions to monitor and support key activities and functions. This MI, along with the technology systems and applications that are used to produce these reports, comprise the Firm's MIS capabilities.

The Firm has MIS capabilities to readily produce data on a Material Entity basis complemented by a DQC framework to provide data integrity and reliability. The Firm has analyzed the MI that would be used to execute the Resolution Strategy and has the capability to produce this MI at the appropriate level of granularity in a timely manner. The Firm has enhanced its MIS capabilities to ensure timely production of reporting required by decision makers to act pursuant to the Support Agreement with an appropriate level of confidence and created a dashboard framework of incremental consolidated divisional metrics including Firm and Material Entity resource adequacy reporting that decision makers may consider to facilitate timely action. These capabilities, ensure that Firm and Material Entity stakeholders will receive the information they require in stress to make decisions and implement the Support Agreement in a timely manner.

Enhanced Reporting

MS Parent / Funding IHC and Material Entity decision makers receive the information required to act pursuant to the Support Agreement through enhanced, standardized MI indicating trigger utilization and resource adequacy.

Data Quality Control

This MI is subject to an operationalized production and DQC framework which is aligned to the Firm's BAU stress testing governance, including periodic reviews by Material Entity Treasurers and CFOs. MI review and sign-off processes are consistent with the review and sign-off process for other metrics and requirements production to ensure data integrity and reliability.

Testing and Ongoing Socialization

The Firm continues regular distribution of this MI to Firm and Material Entity ALCOs and Boards to ensure key stakeholder familiarity with the reporting in advance of stress. The Firm periodically tests through tabletops and/or simulations with Firm and regional senior management to enhance and refine the MI based on feedback.

Automation and Dashboards

To supplement the MI distributed to Firm and Material Entity ALCOs and Boards and enhance the Firm's capabilities to produce this MI in a timely manner, the Firm maintains an RRP Dashboard, which is intended to be used by Firm and Material Entity stakeholders to produce customized reporting on RRP resource adequacy including RLEN and RCEN trending and drill-downs on material drivers.

The Firm has created a dashboard framework of additional resolution MI that consolidates metrics used by Business Units and SCFs as part of regular monitoring to provide an indication of the MOE's current status.

4.3.2. Payment, Clearing and Settlement Activities

4.3.2.1. Overview of PCS Activities

The Firm conducts payment, clearing and settlement ("**PCS**") activities to support its business operations. As part of these activities, the Firm utilizes FMUs and agent banks (together, "**PCS providers**") to facilitate the clearing and settlement of cash and securities transactions in various markets globally. The

Firm also provides PCS services to clients in certain limited instances, but does not perform utility-like agent bank services (e.g., payment clearing, settlement agent) for other large financial intermediaries.

In most major markets, one or more Firm entities have memberships with local FMUs that allow the Firm direct access to clearing and settlement infrastructure in the region. In markets where the Firm does not have direct access, Firm entities utilize third-party agent banks to facilitate PCS activities and provide indirect access to local infrastructure. In addition, the Firm also has in place certain inter-affiliate arrangements whereby a Firm entity with direct access to an FMU or agent bank may provide PCS services to another Firm entity that does not have direct access for the relevant market.

The Firm maintains a mapping of the PCS services to the Material Entities, Core Business Lines and Critical Functions that use and/or provide them, as well as to the key FMUs and agent banks the Firm utilizes and the key PCS clients it serves.

4.3.2.2. Overview of the PCS Framework

Loss of access to the key FMUs and agent banks that the Firm utilizes, or to key financial and operational resources within the Firm, could disrupt the continuity of the Firm's PCS activities and impede the execution of the Resolution Strategy.

To address this potential risk, the Firm has a PCS Framework that comprises the Firm's capabilities for continued access to PCS services essential to an orderly resolution. Key capabilities incorporated within the PCS Framework include:

- Identification of PCS clients,[19] FMUs and agent banks as key from the Firm's perspective;
- Mapping of Material Entities, Critical Functions, Core Business Lines and key PCS clients to key FMUs and agent banks;
- Definition of discrete PCS services used and/or provided by the Firm and mapping of such services to Material Entities, Critical Functions, Core Business Lines, key FMUs, key agent banks and key PCS clients;
- A PCS Data Repository that houses and centralizes key dynamic data supporting the Firm's PCS Framework including projections of potential liquidity needs related to PCS activities, contact information for key internal and external stakeholders, mapping of key PCS clients to key FMUs and agent banks, and current availability of intraday credit from PCS providers;
- A PCS continuity strategy that describes how the Firm would maintain access to its current network of FMUs and agent banks;
- A detailed analysis of financial resources that each MOE may need during the Runway and Resolution Period to meet potential heightened requirements imposed by PCS providers,

[19] "PCS clients" include individuals or entities, including affiliates of the Firm, to whom the Firm provides PCS services and any related credit or liquidity offered in connection with those services.

including increased collateral and margin requirements and reduction in access to secured and unsecured credit;

- Analysis of potential financial and operational heightened requirements that may be taken by a key FMU or agent bank, potential impacts to key PCS clients, and contingency actions that may be taken by the Firm;
- A communications protocol ("**FMU Command**") that supports the Firm's PCS continuity strategy and includes a description of how the firm will communicate with FMUs and agent banks through periods of stress and how the firm will coordinate internal communications and execution of strategy to maintain access to FMUs; and
- Playbooks for the Firm's relationships with key FMUs and agent banks that (i) reflect the Firm's roles as a user and/or provider of PCS services, and (ii) outline how the Firm would maintain access to the provider in a manner that would support an orderly resolution.

The PCS Framework addresses both direct and indirect relationships with PCS providers as well as the Firm's role as both a user and provider of PCS services.

4.3.2.3. PCS Continuity Strategy

PCS providers have the discretion to increase, modify or supplement their BAU requirements in response to Firm financial stress, which would place additional demands on Firm resources. The Firm's PCS Continuity strategy is to maintain access to PCS providers by meeting financial, communications and reporting and operational requirements that may be imposed by such providers.

The Firm engages in internal and industry efforts to further understand the potential heightened requirements that could be imposed by PCS providers in stress or resolution and the likely reactions of PCS providers to the Resolution Strategy. These efforts have included detailed reviews of PCS provider rulebooks and contracts, engagement directly with PCS providers and consideration of the Firm's historical experience. Through these efforts, the Firm has either actively participated in or obtained the output of a variety of discussions about resolution planning with the PCS providers that it utilizes. These discussions have helped to understand the likely responses of FMUs and agent banks to the resolution of a participant firm and to set expectations around the actions market participants would need to take to maintain access to PCS providers in such a scenario.

In addition to industry efforts, the Firm also conducts its own bilateral discussions with PCS providers, which may include reviewing its PCS continuity strategy, discussing heightened requirements and consideration of potential contingency options. These discussions have informed the Firm's understanding of the potential heightened requirements that could be imposed and validated the Firm's FMU and agent bank access strategy. The discussions have also supported the Firm's view that contingency strategies such as switching to an alternative provider or obtaining indirect access through a third-party would not be feasible in many cases, emphasizing the importance of maintaining access to existing FMU and agent bank relationships.

4.3.2.4. FMU and Agent Bank Access Playbooks

The Firm has "FMU and Agent Bank Access Playbooks" for each of its key PCS providers, which include an assessment of potential heightened requirements and the Firm's capacity to respond to those requirements.

4.3.2.5. Financial Capacity

The Firm considers the potential heightened financial requirements that may be imposed by PCS providers, including:

- Increased margin for **CCPs**;
- Pre-funding and/or additional collateral requirements to support reduced access to secured and unsecured intra-day credit from securities agents and central securities depositories ("**CSDs**"); and
- Additional liquidity needs resulting from reduced access to In/Out swaps with other Continous Linked Settlement ("**CLS**") Foreign Exchange ("**FX**") settlement members.

The Firm projects liquidity that may be required by MOEs to meet such heightened requirements during periods of stress and in resolution, and incorporates these projections into the RFM. The Firm continues to reassess these methodologies and enhance its projection approaches where possible, including to account for any changes in the Firm's risk profile on an ongoing basis.

4.3.2.6. Communications and Reporting

FMU Command is the Firm's global protocol for maintaining open communications with PCS providers in times of stress. Once activated, FMU Command's goal would be to preserve FMU and agent bank access, which would rely on maintenance of robust communication with other Firm functions, including in particular BRM Command and "Firmwide Shared Services Command," ("**FSS Command**") to identify, assess, escalate and mitigate potential risks. FMU Command would coordinate closely with BRM Command to provide the detail it needs to carry out its duties as they relate to FMU access.

In BAU, PCS provider relationships are the responsibility of key Managing Directors in Operations and BRM with deep knowledge of the Firm's PCS providers. These senior executives manage teams that interact with PCS providers on a day-to-day basis and maintain senior-level relationships with the providers. These individuals comprise the membership of the **"PCS Steering Committee**," and if FMU Command is activated during periods of stress or resolution, would become the core members of FMU Command.

Following activation of FMU Command, the members of FMU Command would prepare to alert FMUs and agent banks of the current state of the Firm, if not already done. The FMU Command members would then initiate the efforts needed to meet any heightened requirements implemented by the FMUs or agent banks, including an increase in communication and reporting requirements. FMU Command would coordinate with BRM Command, providing the relevant information necessary for communication with internal and other external stakeholders. BRM Command is responsible for coordinating communication with clients, counterparties, regulators, vendors and other key internal and external stakeholders.

4.3.3. Managing, Identifying and Valuing Collateral

4.3.3.1. Role of Collateral Management at the Firm

Collateral management is used by the Firm to manage the counterparty credit risk associated with its sales and trading, hedging and retail activities. Margin and collateral transactions are executed with CCPs, clearing agencies, exchanges, banks, securities firms and other financial counterparties, including affiliates. During a period of stress, collateral management activity may increase as counterparties call for additional collateral and the value of certain types of collateral becomes more volatile. The Firm's RFM, however, demonstrates that sufficient liquidity would be maintained under severely adverse conditions, such that any potential disturbances in the regular flow of collateral management activity would not impair the Firm's dealings with its counterparties in a substantial way. The Firm's financial capacity combined with its robust collateral management practices, as described further below, would enable the Firm to properly value, manage, return and source collateral as necessary without resorting to collateral fire sales or otherwise transmitting liquidity stress to counterparties.

4.3.3.2. Collateral Management Capabilities and Processes

The Firm has robust capabilities in place to manage, identify and value collateral received from and posted to external parties and affiliates on a Material Entity basis, including:

- Defined processes and procedures to identify and review, on an annual basis, legal and operational differences and potential challenges in managing collateral within specific jurisdictions, agreement types, counterparty types, collateral forms or other distinguishing characteristics;
- Maintaining a collateral management policy that outlines how the Firm as a whole approaches collateral and serves as a single source for governance with underlying divisional collateral management policies for each Core Business Line;
- Systems and reporting capabilities to efficiently identify the location of and legal rights to, all pieces of collateral pledged to, pledged by, or held in custody by any Material Entity, including (i) the legal entity and geographic jurisdiction where counterparty collateral is held by end of day, (ii) Committee on Uniform Securities Identification Procedures ("**CUSIP**") and asset class information on collateral pledged to CCPs; and (iii) collateral pledged and received across branches;
- Standards in place to document all netting and re-hypothecation arrangements as well as produce risk measurements for cross-entity and cross-contract netting;
- Process to monitor counterparty credit risk exposure between affiliates and track / manage collateral requirements as part of the Firm's strategy for optimizing collateral allocations;

- Process to consider terms, such as triggers or cross defaults, that may be impacted by a change in market conditions as well other key collateral-related terms that may not be impacted in an adverse economic environment, and processes for identifying, capturing, tracking and reporting on these key terms;
- Defined procedures in place to review, on a quarterly basis, ISDA and Credit Support Annex agreements for triggers that may be breached as a result of changes in market conditions; and
- As part of its Liquidity Stress Testing, forecasting changes in collateral requirements and cash and non-cash collateral flows under a variety of stress scenarios, at least on a quarterly basis.

Collectively, these processes serve as the framework and strategic plan for continuing collateral management processes in a resolution scenario. The Firm has embedded these capabilities into regular business practices, thereby enhancing the Firm's overall preparedness and readiness to respond to crisis situations and contributing to the ongoing resolvability of the Firm. These capabilities have also been assessed through the GRRAF process.

Each business has an appropriately designed collateral management process, supported by the Operations function in coordination with, as appropriate, BRM, Credit Risk and Business Units.

4.3.3.3. Maintaining Resolvability of the Firm

Reflecting the Firm's commitment to sound and effective resolution planning, the Firm maintains its capabilities related to managing, identifying and valuing collateral. The Firm has in place practices and reporting capabilities and project governance to monitor the timely completion of any identified enhancements, where and as needed.

Several key collateral management capabilities are embedded into the Firm's regular business practices including:

- Updated global collateral management policies;
- Expanded collateral-related assumptions as part of the Firm's regular liquidity stress testing, including enhancing the Firm's existing cash flow framework to incorporate all inter-affiliate contingencies with material liquidity flows and maintaining a stress testing scenario which consists of assumptions for ring-fencing for all inter-affiliate flows;
- Increased frequency and efficiency of conducting periodic reviews of key terms and triggers; and
- Maintained reporting and analytic platform that combines the structured contract data points with exposure data, counterparty data, legal entity data and other key data points to deliver insightful analysis derived from this combined data set.

4.3.4. Shared and Outsourced Services

The successful execution of the Firm's Resolution Strategy requires continuity of critical shared and outsourced services to the Material Entities notwithstanding MS Parent's entry into resolution proceedings. Accordingly, the Firm's strategy is to maintain service continuity in a range of scenarios and conditions. As part of this Shared and Outsourced Services strategy, the Firm has developed its capabilities to ensure that critical services will continue in recovery and resolution through the implementation of a global network of MSEs ("**MSE Network**"). A service is deemed critical in resolution if the Firm's Resolution Strategy could no longer be feasibly executed if the process were absent. The Firm understands the critical services that are needed in resolution and has arrangements in place to ensure there is continued access to these critical services. The Funding IHC preserves funding flexibility and enhances the ability to allocate financial resources as needed to Material Entities in resolution.

Under the MSE Network framework, generally:

- SCF personnel are employed by MSEs;
- Systems, applications and infrastructure are under the direct control of MSEs;
- Intellectual property is either legally owned by MSEs, or MSEs have a perpetual, fully paid up license to intellectual property;
- "**Critical Vendor**" contracts include resolution friendly terms; and
- Facilities are under the direct control of MSEs (whether owned or leased), including data centers.[20]

To strengthen the continuity of services during resolution, the Firm has taken additional measures to (i) contractually require MSEs to take actions consistent with the Firm's strategy, (ii) make the MSEs financially resilient through the use of the Funding IHC and other means and (iii) implementing controls to monitor the MSE Network, including:

- **Governance and Communication Framework:** The Firm has a governance and communication framework to coordinate operational continuity in recovery and resolution;
- **MSE Service Company Principles:** MSEs comply with a set of principles that limit their ability to take risks and keep them independent from risks that occur in the Firm's operating subsidiaries (e.g., MOEs);
- **Operational Mapping**: Operational Mapping is the process through which the Firm understands its critical services, interconnectedness across systems, applications and infrastructure and support service vendors. The process is underpinned by the Firm's "**Service Taxonomy**,"[21] which is the common language for describing services across the Firm. Operational Mapping is supported by the Strategic Warehouse of Operational Relationship Data ("**SWORD**"), the Firm's strategic technology platform for managing service relationship data;

[20] Subject to certain documented exceptions.

[21] The Service Taxonomy is used across the Firm's Operational Mapping data and inter-affiliate contractual framework. This allows the services provided to be tied to the payments made by affiliates, the contractual agreements governing those services, and transparency initiatives.

- **Inter-Affiliate Task Order Framework:** Services provided by MSEs are documented in legally binding arm's length inter-affiliate task orders ("**IATOs**"). These documents obligate the MSEs to provide services to their customers in both BAU and resolution and prevent the MSEs from terminating services in the event of a resolution. The schedule of services in these documents references SWORD;
- **MSE Financial Resilience:** The Firm's Positioning Framework ensures working capital is readily available for MSEs to mitigate any unanticipated service payment delays, disruptions or intraday needs. The Firm's operational continuity strategy and associated IATOs ensure the MOEs remain contractually obligated to pay for services from the MSEs throughout resolution. MOE RLEN and RCEN modeling accounts for these continued payments to the MSEs; and
- **Access to Operational Assets:** Under the Firm's operational continuity model, operational assets required to support the provision of critical services are generally held within the global MSE Network. Playbooks are in place that describe how, for each operational asset under the control of the MSEs, access would be maintained and managed in resolution.

4.3.4.1. Operational Mapping

Operational Mapping provides a detailed inventory of services, applications and vendors required by the Firm's Critical Functions, Core Business Lines and Material Entities, including which of those resources are critical in resolution.

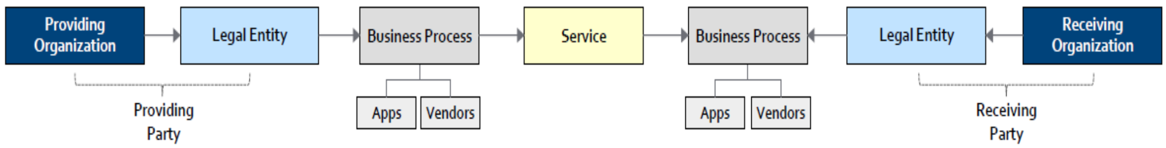
The Operational Mapping process articulates services in a common language, the Service and Business Process Taxonomy that has been adopted in legal documentation, cost allocations / invoicing and supplier risk management.

The Operational Mapping exercise is owned and overseen by Operational Risk Department ("**ORD**"). On an ongoing basis, the data is subject to a verification governance process. Data is collected through coordination with the business segments, verified and approved by business management, and subject to verification and confirmation processes. All Material Entities (MOEs and MSEs), as well as all Firm entities with at least one employee, are included in this exercise.

The "**Global Third-Party Risk Management Policy**" reflects the obligation of each business to identify and maintain services that are of essential importance to the execution of the Firm's Resolution Strategy through the Operational Mapping process.

Exhibit 4-4 illustrates how the Operational Mapping data collected shows the service relationship data between the Firm's Divisions and legal entities. As a process, service or associated resource may not be critical for the entire Resolution Period, Operational Mapping captures the time period (on a quarterly basis) during which each process, service and associated resource is critical to the execution of the Resolution Strategy.

Exhibit 4-4. Operational Mapping Service Relationship Example



SWORD is considered the Firm's Inter-Affiliate Service Catalogue. SWORD captures all services and business processes globally, with those critical to the execution of the Resolution Strategy being flagged as resolution critical. All processes, applications, third-party vendors and affiliates have been identified in support of critical services and are mapped in SWORD. Service relationships are substantiated through linkages to the resources (vendors and technology) required to support them, contracts that govern them, and payments (allocations) given in consideration of those services.

The Firm defines "**Critical Services**" as those services provided through an affiliate or by a third-party (vendor) needed to (i) facilitate the execution of critical business processes or (ii) support the general business activities of a group or function that is deemed to be performing critical business processes. These determinations were made by each Business Unit and SCF based on the Resolution Strategy.

In addition, the Firm identified the operational resources that are critical to execution of processes and services. Criticality of these associated resources (such as technology and vendor supplied services) was determined based on responses to technology application and vendor criticality qualifying questions. Filtering, visualization and reporting capabilities in SWORD allow information to be viewed by Critical Function, Business Unit and legal entity. Certification of the Operational Mapping data currently takes place on an annual basis.

4.3.4.2. Inter-affiliate Contractual Service Provisions

The Firm's Interaffiliate Task Order ("**IATO**") framework provides a contractual services provision which obligates MSEs to exercise their capabilities to promote a safe and sound resolution. This IATO framework consists of task orders entered among the MSEs and between the MSEs and their customers (operating entities). During a resolution scenario, IATOs will be managed in the same way as they are in BAU. SCFs will perform the services documented in IATOs and be responsible for meeting required service standards. Oversight for these services will be performed by the SCFs responsible for providing the services. BAU incident reporting will be leveraged and provided to FSS Command as well as individual MSE and MOE Boards where necessary.

The key features of the IATO framework are:

- Full coverage of all MSEs;
- Full coverage of services for those entities;
- Meets the arm's length standard;

- Terms similar to those a third-party would expect in both form and substance and thus can be used as the basis for TSAs with buyers of the Firm's objects of sale;
- No resolution impacting provisions;
- Significant resolution-enhancing provisions, explicitly obligating the continuation of services in resolution;
- Documentation of services in the language of the service taxonomy, allowing IATOs to be clearly linked to Operational Mapping and remuneration for services;
- Integration with the SWORD repository. Entities party to these IATOs agree that while the service schedules in the contracts are accurate at the time of execution, SWORD represents the most up to date system of record for inter-affiliate service obligations. SWORD's record of services is binding under the IATO. This serves as a significant mitigant to the contracts becoming out of date as businesses evolve or service consumption changes;
- Integration with the Firm's existing processes for workforce strategy and supervisory documentation;
- Sustainable BAU structure; and
- Storage in the Firm's inter-affiliate agreement repository.

4.3.4.3. Contract Repositories

The Global Resolution Planning Non-Qualified Financial Contract Policy (the "**Non-QFC Policy**") states that all contracts related to the receipt of inter-affiliate and third-party services, products or resources that would be necessary for the business of a Material Entity to function during an orderly resolution must be maintained within an approved contract repository. The supplements to the Non-QFC Policy, as listed in the Non-QFC Policy, list the contract repositories in which such contracts are maintained.

4.3.4.4. Continuity of Critical Services (Third-Party Vendors) to the Firm in Resolution

The Firm's approach to continuity of critical outsourced services has involved taking measures to confirm that Critical Vendors do not have the contractual right to terminate their relationships with the Firm in a manner that jeopardizes the Firm's orderly resolution. In addition, because vendors transact with service entities that are insulated from financial and business risk, and that will be supported throughout resolution, the Firm's approach to continuity of critical outsourced services mitigates vendors' incentive to cease performing under Critical Contracts for fear of non-payment or failure of the service entities. The Firm's framework is flexible and is resilient in the preferred Resolution Strategy and also in a variety of alternative scenarios.

The Firm has BAU processes to (i) identify Critical Contracts with vendors and (ii) confirm that such Critical Contracts will facilitate continuity of services covered under the contracts in resolution in accordance with the Firm's standards (or remediate the same to comply with Firm standards).

The Firm has incorporated resolution-friendly provisions into its critical services templates and, in BAU, follows a process outlined in its Non-QFC Policy to support the inclusion of resolution-friendly language in its Critical Contracts with vendors. This process includes a periodic refresh of its vendor Critical Contract population in line with updates to its operational mapping data.

4.3.4.5. MSE Financial Resilience

To facilitate the financial resilience of MSEs, the Firm manages and accounts for the risks associated with BAU, recovery and resolution such as employee, Critical Vendor and lease costs, expense-revenue mismatch, loss of revenue and restructuring and wind down costs.

The Firm's RFM calculates the financial capacity of each MSE to continue to provide resolution-critical services throughout the execution of the Resolution Strategy. The model projects the financial position of each MSE on a daily basis throughout Resolution, demonstrating their ability to remain a solvent going concern with adequate liquidity to continue to function. If the RFM identifies that additional resources, beyond those positioned in accordance with the Firm's Positioning Framework, are required by the MSEs in Resolution, this additional requirement informs the amount of capital or liquidity provided by MS Parent or the Funding IHC to each MSE under the Firm's Support Agreement.

The model projects the wind down of each MSE, including projections of revenues, expenses, balance sheet, cash flows and their wind down over the period. The rates of wind down used reflect the fact that service capacity may scale at a different rate than the business wind down and therefore mitigates timing risks caused by mismatches in supply and demand for services. During the Resolution Period, as in BAU, each MSE will maintain sufficient resources to remain solvent and execute the Resolution Strategy.

4.3.4.6. Operational Continuity Playbooks

The Firm has developed operational continuity playbooks to describe plans and specific actions taken in support of shared and outsourced services, as summarized in Exhibit 4-5.

Exhibit 4-5. Operational Continuity Playbooks

Playbook	Purpose
Employee Retention Playbook	Provides plans for Human Resources and business management to identify and retain personnel considered critical for the execution of the Resolution Strategy, including the related governance bodies and decision making process
Facilities and Fixed Assets Continuity Playbook	Describes the Firm's plan to maintain (i) continuity of access to Firm identified critical facilities, (ii) core facilities services to keep facilities functional, (iii) workplace support services to an acceptable level and to alleviate the Firm of Corporate Services managed liabilities and obligations to the extent practicable
Technology Continuity Playbook	Details arrangements and continuity plans relating to global technology systems and infrastructure in support of the Resolution Strategy

Playbook	Purpose
Vendor Continuity Playbook	Describes the methodology used to identify Critical Vendors and the processes the Firm has in place to manage vendors in BAU

Each playbook details the Firm's plan for maintaining operational continuity in a resolution scenario and includes (i) a description of the assessment the Firm performed to identify critical services or personnel, (ii) the actions the Firm will take in a resolution scenario to maintain continuity of resolution-critical services as well as critical personnel and (iii) the Firm's contingency strategies in the unlikely event of the loss of access to critical services or personnel.

5. Operationalization of the Support Agreement

The Firm has continued to develop RRP capabilities and related processes to support the operationalization of the Support Agreement in required timeframes. A central component of the Firm's SPOE resolution strategy is the "**Support Agreement Framework**", which is comprised of the following:

- **Trigger and Escalation Framework:** Triggers based on capital and liquidity metrics prescribe when the Firm must take clearly identified actions and initiate related communications to implement the Resolution Strategy;
- **Support Agreement:** A contractually binding mechanism that commits MS Parent, the Funding IHC and certain of their subsidiaries to support the Material Entities upon the occurrence of certain triggers and ensures that resources are made available to those Material Entities that need them; and
- **Security Agreement:** Creates perfected security interests in assets of MS Parent and the Funding IHC that could be contributed to the Material Entities, incentivizing MS Parent and the Funding IHC to perform their obligations under the Support Agreement and mitigating any potential legal challenges to MS Parent's and the Funding IHC's provision of support to the Material Entities.

The Support Agreement and related Security Agreement underpin the SPOE Resolution Strategy by providing a secured, contractual right for Material Entities to receive required financial support to execute the Resolution Strategy. Fundamental to the Resolution Strategy is that Material Entities have access to the financial resources they need when they are needed so that they remain capitalized and solvent through the stress continuum, including while MS Parent is in bankruptcy. The obligation to provide support to Material Entities occurs on clearly defined triggers, which are defined in the Support Agreement. Obligations to provide funding is secured in most cases by a first priority security interest and there are severe financial consequences for any breach of the obligation of MS Parent or the Funding IHC to provide support.

Throughout the stress continuum, the Support Agreement Framework would govern the progression of the Resolution Strategy. The Firm has implemented the following preparatory actions:

- Maintaining sufficient capital, loss absorbing capacity and liquidity required to execute the Resolution Strategy and embedded processes in BAU to monitor available and required resources throughout the stress continuum;
- Monitoring resources against triggers, as required by the Firm's capital and liquidity policies;
- Embedding resolution capabilities in BAU with ongoing enhancements, including global alignment of capabilities and processes, and a simplified legal entity structure; and
- Implementing the Funding IHC as its primary resolution funding vehicle to provide resolution resources as MS Parent is resolved, increasing funding flexibility and mitigating the risk of misallocation of resources. In order to maintain its solvency, the Funding IHC does not have any

subsidiaries, will provide funding up to its available assets and is not permitted to borrow from Material Entities or to face outside creditors. Accordingly, the Funding IHC is expected to remain a separate, well-capitalized and solvent funding vehicle throughout the stress continuum.

The Firm's Trigger and Escalation Framework facilitates actions being taken in a timely manner, including downstreaming of required resources to Material Entities upon clearly defined triggers. The Firm's Positioning Framework balances certainty associated with holding resources on the Material Entities and flexibility associated with holding resources centrally. The Firm:

- Has embedded the Trigger and Escalation Framework in firm-wide policies and procedures and defines the triggers for each stress period, allowing the Firm to recognize when it is transitioning from one period of stress to another and when a secured contractual right to support is required to be provided to any Material Entities;
- Compares resources to resolution requirements at both the consolidated and individual Material Entity level leveraging the RFM to calculate resolution execution needs, available resources, trigger occurrence and the proximity to the Resolution Trigger. Following the occurrence of the Recovery Trigger, the RFM will be run daily. Appropriate governance, assumptions, forecasts and projects can be adjusted to reflect the facts and circumstances at the time;
- Ensures that the Funding IHC has required resources for Resolution and further mitigates creditor challenge and promoting resolution readiness by requiring MS Parent to transfer all contributable resources to the Funding IHC in the Runway Period. At this time, the Firm is expected to prepare for possible resolution;
- Has a comprehensive framework for managing and monitoring available and required financial resources, supported by MIS capabilities and alignment to triggers and escalation embedded in global policies;
- Provides as needed funding to Material Entities through established secured funding paths from MS Parent or the Funding IHC to the Material Entity;
- Obligates all entities in the ownership chains and funding paths (Resolution Support Entities ("**RSEs**")) to push down support to the intended Material Entity through their execution of the Support Agreement and related documents; and
- Supports funding in a timely manner by documenting detailed instructions as to how to downstream liquidity and capital resources to Material Entities in a timely manner in the Intercompany Funding Recovery and Resolution Playbook.

A Bankruptcy Playbook has been prepared which includes a step-by-step guide to commence MS Parent's Bankruptcy filing. The Bankruptcy Playbook:

- Sets forth MS Parent's strategic actions in the expected chronology from Recovery through the Resolution Period;

- Describes the basic process for preparing for MS Parent's bankruptcy filing, key issues that will need to be addressed in the days and weeks preceding and immediately following the bankruptcy filing, and legal obstacles associated with emergency motions;
- Includes a step-by-step bankruptcy plan that lays out the steps that would need to be taken to prepare for the bankruptcy filing: and
- Contains pre-drafted and pre-planned bankruptcy filing forms to enable the preparation and commencement of the Chapter 11 Proceeding quickly and in an orderly manner. Governance mechanisms exist to facilitate timely decision making and action execution by MS Parent and the Funding IHC.

Key MS Parent actions and related items within the Bankruptcy Playbook include:

- The provision of MS Parent financial resources to the Material Entities to meet their needs in resolution in a way that preserves the value of the Material Entities and minimizes the risk of potential creditor challenges to such support;
- Oversight of the execution of the sales strategy;
- An ISDA Protocols Playbook that analyzes issues associated with the implementation of the stay on cross default rights described in Section 2 of the ISDA Protocols and provides an actionable guide to supplement the related motions and memoranda with a day-to-day description of the steps that would be taken in the periods before entering, and upon commencement of, MS Parent's bankruptcy proceeding;
- Other emergency and routine First Day Motions, including:
    - Indications of requisite information and the sources of such information;
    - An enhanced Guarantee Administrative Priority Motion to obtain Bankruptcy Court approval to elevate guarantees of subsidiary QFCs to administrative expense status, consistent with the requirements of the ISDA Protocols and related memorandum;
    - Subsidiary terminations of QFCs with MS Parent, including close-out processes and resultant financial impacts; establishment of and interaction with the Creditors' Committee;
    - Execution of resolution operating agreements and other interactions with Material Entities;
    - Payments to Critical Vendors;
    - Execution of a claims allowance process;
    - Issuance of a disclosure statement and plan of reorganization; and
    - Description of the resulting organization upon completion of the resolution process.

After completion of the recapitalization of the Material Entities and the transfer of contributable assets to the Funding IHC:

- MS Parent will file a Chapter 11 Petition commencing its Chapter 11 Proceeding;
- MS Parent, upon filing its Chapter 11 Petition, will file the Guarantee Administrative Priority Motion seeking the elevation of any claims of QFC counterparties in the Chapter 11 Proceeding in respect of MS Parent's guarantees of the Covered Subsidiaries' QFCs to the status of claims in the Chapter 11 Proceeding with administrative expense priority;
    - To avoid acceleration of certain QFCs to which the Covered Subsidiaries are a party and which MS Parent may have guaranteed or otherwise provided credit support for, the Resolution Strategy is designed to comply with Section 2 of the ISDA Protocols and similar provisions of QFCs that satisfy the requirements of the QFC Regulations;
    - MS Parent will ask the Bankruptcy Court to approve the Guarantee Administrative Priority Motion by the later of 48 hours or 5:00 p.m. on the first business day following the commencement of the Chapter 11 Proceeding; and
    - In the Guarantee Administrative Priority Motion, MS Parent will seek as alternative relief (in the event elevation of the guarantee claims of QFC counterparties is not granted pursuant to the Guarantee Administrative Priority Motion) authorization from the Bankruptcy Court to transfer its Covered Subsidiaries to NewCo and for NewCo to assume MS Parent's obligations under the QFC guarantees in the form of the Transfer Order.

MS Parent, Funding IHC, and Material Entity Boards have entity-specific governance playbooks which describe actions and escalation arising from the occurrence of triggers. Governance Playbooks include actions the Boards are expected to take throughout the stress continuum and responsible parties and timeframes for actions to be taken. Major decisions and related actions likely to be considered by the Boards from the onset of stress and, if necessary, throughout resolution, including oversight of internal and external communications and execution of employee retention strategies, Boards' fiduciary duties and how planned actions are expected to be consistent with such duties, Trigger and Escalation Framework, mitigation of potential conflicts of interest and regulatory and jurisdictional considerations.

The Firm has conducted a series of exercises to test the Firm's financial resource management processes and governance mechanisms in a recovery and resolution scenario. These events offered an opportunity to consider methods of increasing funding flexibility during a severe stress in a way that would be consistent with the exercise of fiduciary duties. Examples include (i) a Recovery and Support Agreement Operationalization tabletop and (ii) a two-day Recovery and Resolution simulation exercise, which included a regional simulation for key Firm and MOE stakeholders and a global simulation with additional senior management who assessed the recommendations from the regional simulation. The takeaways from these events included that the Positioning Framework should be enhanced to balance certainty and flexibility; triggers should be recalibrated to facilitate the use of buffers and flow of liquidity and support an intuitive chronology of stages of stress; and that Firm should produce stress-ready MI, with standardized content, format and distribution, to facilitate timely Support Agreement actions. In addition, certain Material Entity boards conducted a tabletop exercise to test the implementation of the Support Agreement provisions regarding the flow of liquidity, the RFM and related governance processes.

6. Recovery and Resolution Planning Governance

6.1. RRP Governance

The Firm has a robust resolution planning and governance framework designed to ensure that all aspects of the Firm's resolution planning, including development, review, approval and maintenance of the Plan, receive appropriate attention by management and the MS Parent Board. The governance framework relies upon meaningful engagement across the Firm and leverages established roles and responsibilities and committee charters. As a result, resolution plan development, review, approval and maintenance activities at the Firm are fully integrated into the corporate governance structure.

The resolution planning process is overseen by the "**Executive Sponsors**," which is comprised of the Chief Financial Officer and Chief Legal Officer, and managed by Firm Recovery and Resolution Planning Team ("**Firm RRP**"). Resolution planning is a highly integrated set of BAU processes at the Firm, with defined components owned directly by applicable Business Units or SCFs (with advisory and coordination support from Firm RRP), fostering integration of the themes of resolvability directly into day-to-day processes and Firm culture as an extension of BAU roles and responsibilities. Similar recovery and resolution planning governance processes exist in certain other regions, such as the UK and EU.

The Plan was formally approved by the RRP Steering Committee, RRP Committee and the Risk Committee of the Board, and such approvals are reflected in their respective minutes.

6.2. Plan Development

The Plan is organized by capabilities and supporting playbooks to address the Agencies' plan requirements per the Final Rule, with additional information based on capabilities enhancements. This capability-led approach brought together cross-functional teams to provide comprehensive feedback on the Firm's capabilities required to support the Resolution Strategy. Key components of the Plan are developed with and vetted by relevant Business Units and SCFs throughout the Firm to assess the viability of, or otherwise improve, key components. The Business Units and SCFs with primary responsibility for performing activities contemplated in the Resolution Strategy in normal and stressed market conditions also own the associated documentation in the Plan and annual self-assessment as a part of the GRRAF process.

Plan content undergoes several rounds of vetting and challenge throughout the development process. The governance approval process involves sessions with the Risk Committee of the Board, the RRP Committee, RRP Steering Committee and various review and challenge sessions with Regional governance bodies. The RRP Steering Committee receives regular reports on the status of the capabilities enhancements and Plan documentation progress and reviews the Plan content on a periodic basis. In addition to the appropriate governance bodies, Firm RRP also informs the Material Entity ALCOs and Boards, as well as MSE Operating Committees, on the Resolution Strategy and Support Agreement Framework.

7. Conclusion

The Firm's Plan articulates a Resolution Strategy detailing how the Firm would be resolved under a range of scenarios and how potential vulnerabilities that might otherwise hinder or prevent a rapid, orderly and value-maximizing resolution would be addressed and overcome. This Resolution Strategy is supported by extensive resolution planning efforts that have been refined and enhanced over a period of years. Moreover, the Firm has put in place a number of practices to help manage its resolvability over time and address risks that may emerge on account of changes in business practices, financial profile or organizational structure.

The Firm believes that its Plan presents a feasible and credible strategy that demonstrates that the Firm can be resolved without reliance on extraordinary support or on the broader global economy. Based upon the strength of its capital and liquidity positions and the resiliency and credibility of the Resolution Strategy under a wide range of scenarios, the Firm believes that no significant losses would be incurred by the U.S. government, the FDIC's DIF nor any foreign governments or taxpayers as a result of its failure. The Plan provides greater detail on all of the actions completed by the Firm to address the Final Rule and other enhancements to resolvability capabilities. With these actions, the Firm believes that it has the capabilities required to execute its Resolution Strategy.

8. 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 are not historical facts and represent only management’s beliefs regarding future events, many of which, by their nature, are inherently uncertain and beyond the Firm’s control. The nature of the Firm’s business makes predicting future trends difficult. The risks and uncertainties involved in the Firm’s businesses could affect the matters referred to in such statements, and it is possible that actual results may differ, possibly materially, from the anticipated results indicated in these statements. For a discussion of the important factors that cause actual results to differ from those in these statements, see “Forward-Looking Statements”, “Business—Competition,” “Business—Supervision and Regulation”, and “Risk Factors” in the Firm’s Annual Report on Form 10-K for the year ended December 31, 2022 and “Liquidity and Capital Resources—Regulatory Requirements” in the Firm’s Quarterly Report on Form 10-Q for the period ended March 31, 2023.

9. Appendix A: Description of Core Business Lines

The Firm is a global financial services firm that maintains significant market positions in each of its Core Business Lines: ISG, WM and IM. The designation of the Firm's Core Business Lines serves as an important first step to the development of the Resolution Strategy and the supporting processes to wind down, transfer or sell those business operations. As per the 165(d) Rule, the Firm considers its Core Business Lines of ISG, WM and IM to be "those business lines, including associated operations, services, functions and support, that in the Firm's view, upon failure, would result in material loss of revenue, profit or franchise value."

9.1. ISG

The Firm's ISG Core Business Line provides financial advisory and capital-raising services, as well as assistance with accessing capital markets and taking or hedging risk, to a diverse group of corporate and other institutional clients globally. ISG's business activities include M&A advisory, restructurings, real estate and project finance, corporate lending, investment activities, as well as providing sales, trading, financing and market-making activities in equity and fixed income securities and related products, including FX and commodities, both as principal and as agent. ISG operates primarily through MSCO, MSIP, MSMS, MSCS, MSCG, MSESE, and MSBAG. As of December 31, 2022, ISG had total assets of approximately $790 billion, which was approximately 67% of the Firm's total assets.

ISG operates through three divisions:

- Institutional Equities Division ("**IED**"), which acts as a market maker globally in cash equity, equity related products, equity derivatives and equity-linked or related products, as well as offering a full suite of PB services;
- FID, which trades and makes markets in fixed income securities and related products (including commodities products) globally; is a primary dealer, distributor or market-maker in various government securities; acts as an intermediary between borrowers and lenders of short-term funds; originates and distributes loans, including secured lending facilities; and
- IBD (including Global Capital Markets), which offers capital raising, financial advisory, and corporate lending services to corporations, organizations and governments globally.

Additionally, BRM, which acts as a utility across ISG, centrally manages secured funding activities, as well as collateral management, margin optimization and capital/balance sheet on behalf of ISG.

9.2. Wealth Management

The Firm's WM Core Business Line provides investment solutions designed to accommodate the investment objectives, risk tolerance and liquidity needs of individual investors and small to medium-sized businesses and institutions. WM operates primarily through three MOEs (MSBNA, MSPBNA, and MSSB).

WM provides clients with a comprehensive array of products and services, including:

- Brokerage and investment advisory services;
- Digital platform for consumer self-directed investments;
- Fixed income principal trading, which primarily facilitates clients' trading or investments in such securities;
- Education programs, financial and wealth planning services, annuity and other insurance products;
- Cash management services, including deposits, debit cards, electronic bill payments and check writing (including some services offered through unaffiliated third parties);
- Securities-based lending, mortgage loans and home equity lines of credit;
- Access to trust and fiduciary services, cash management and commercial credit solutions for small to medium-sized businesses in the U.S.;
- Individual and corporate retirement solutions, including individual retirement accounts and 401(k) plans; and
- Stock plan services to corporate executives and businesses.

WM operates its non-bank, brokerage and investment advisory products and services primarily through the U.S. broker-dealer entity, MSSB, and additionally through E*TRADE Securities. WM also operates banking businesses through insured depository institutions MSBNA and MSPBNA (collectively, "**U.S. Bank Subsidiaries**"), which offer select banking and cash management services to WM customers, including FDIC-insured deposits and Portfolio Loan Accounts ("**PLA**"), mortgages and tailored lending solutions. As of December 31, 2022, in aggregate, the U.S. Bank Subsidiaries held approximately $351 billion of bank deposits.

9.3. Investment Management

The Firm's IM Core Business Line provides a broad suite of investment management solutions to a diverse client base that includes governments, institutions, corporations, pension plans and individuals worldwide. As of December 31, 2022, IM had approximately $1.3 trillion in assets under management. IM provides investment and advisory services predominantly through MSIM Inc. and MSIM Ltd., along with other affiliates including Eaton Vance entities acquired in 2021.

Strategies and products, which are offered through a variety of investment vehicles, include active fundamental equity, global fixed income, global liquidity/money market mutual funds, solutions and multi-asset, private credit & equity, and real asset alternatives.

IM delivers its strategies as an advisor through a number of investment vehicles, including U.S. registered investment companies, Luxembourg-based "sociétés d'investissement à capital variable", separately managed accounts and private investment funds.

9.4. Core Business Line Financial Information

The following exhibits summarize the revenues and income for each of the Core Business Lines for the year ended 2022:

9.4.1. Income Statements

Exhibit 9-1. Institutional Securities Group Income Statement from December 31, 2022 Form 10-K

	Year Ended December 31,		
$ in millions	**2022**	2021	% Change
Revenues			
Advisory	**$ 2,946**	$ 3,487	**(16)%**
Equity	**851**	4,437	**(81)%**
Fixed Income	**1,438**	2,348	**(39)%**
Total Underwriting	**2,289**	6,785	**(66)%**
Total Investment Banking	**5,235**	10,272	**(49)%**
Equity	**10,769**	11,435	**(6)%**
Fixed Income	**9,022**	7,516	**20%**
Other	**(633)**	610	**N/M**
Net revenues	**24,393**	29,833	**(18)%**
Provision for credit losses	**211**	(7)	**N/M**
Compensation and benefits	**8,246**	9,165	**(10)%**
Non-compensation expenses	**9,221**	8,861	**4%**
Total non-interest expenses	**17,467**	18,026	**(3)%**
Income before provision for income taxes	**6,715**	11,814	**(43)%**
Provision for income taxes	**1,308**	2,746	**(52)%**
Net income	**5,407**	9,068	**(40)%**
Net income applicable to noncontrolling interests	**165**	111	**49%**
Net income applicable to Morgan Stanley	**$ 5,242**	$ 8,957	**(41)%**

N/M – Not Meaningful

Exhibit 9-2. Wealth Management Income Statement from December 31, 2022 Form 10-K

	Year Ended December 31,		
$ in millions	**2022**	2021	% Change
Revenues			
Asset management	**$ 13,872**	$ 13,966	**(1)%**
Transactional	**2,473**	4,259	**(42)%**
Net Interest	**7,429**	5,393	**38%**
Other	**643**	625	**3%**
Net revenues	**24,417**	24,243	**1%**
Provision for credit losses	**69**	11	**N/M**
Compensation and benefits	**12,534**	13,090	**(4)%**
Non-compensation expenses	**5,231**	4,961	**5%**
Total non-interest expenses	**17,765**	18,051	**(2)%**
Income before provision for income taxes	**6,583**	6,181	**7%**
Provision for income taxes	**1,444**	1,447	**— %**
Net income applicable to Morgan Stanley	**$ 5,139**	$ 4,734	**9%**

N/M—Not Meaningful

Exhibit 9-3. Investment Management Income Statement from December 31, 2022 Form 10-K

	Year Ended December 31,		
$ in millions	**2022**	2021	% Change
Revenues			
Asset management and related fees	**$ 5,332**	$ 5,576	**(4)%**
Performance-based income and other	**43**	644	**(93)%**
Net revenues	**5,375**	6,220	**(14)%**
Compensation and benefits	**2,273**	2,373	**(4)%**
Non-compensation expenses	**2,295**	2,169	**6%**
Total non-interest expenses	**4,568**	4,542	**1%**
Income before provision for income taxes	**807**	1,678	**(52)%**
Provision for income taxes	**162**	356	**(54)%**
Net income	**645**	1,322	**(51)%**
Net income (loss) applicable to non-controlling interests	**(15)**	(25)	**40%**
Net income applicable to Morgan Stanley	**$ 660**	$ 1,347	**(51)%**

N/M—Not Meaningful

10. Appendix B: Description of Material Entities

The bulk of the Firm's activities are conducted through its Material Entities.

The process to designate legal entities as "material" is an important starting point for the Firm's Resolution Plan, allowing those legal entities that are most significant to the Firm's Core Business Lines and Critical Operations to be identified and corresponding resolution strategies for these legal entities to be developed. As per its regulatory definition from the Final Rule, a Material Entity is "a subsidiary or foreign office of the covered company that is significant to the activities of a critical operation or core business line."[22] The Firm designates its Material Entities using a defined and repeatable process, which consists of quantitative screens, qualitative considerations, review and challenge and formal approval by the RRP Steering Committee. For its 2023 Plan, the Firm designated 23 of its entities as Material Entities, consisting of 12 MOEs and 11 MSEs. Five of these MOEs have also been designated as MDEs.

The Firm defines an MOE as a legal entity that provides critical functions and/or offers products or services to clients or counterparties and earns a significant portion of any Core Business Lines' profits. The Firm defines an MSE as a legal entity that owns or controls resources that are significant to the continuity of the Firm's Core Business Line activities, as executed by MOEs, but which is not an MOE itself. The Firm defines an MDE as an entity that represents the vast majority of a dealer firm's derivatives transactions measured by Firm-wide derivatives notional and by Firm-wide gross market value of derivatives. The Firm's MOEs and MSEs are described in this section.

10.1. ISG Entities

ISG operates its non-bank businesses primarily through the seven MOEs as described below.

Morgan Stanley & Co. LLC (MSCO)

MSCO operates as the Firm's primary institutional U.S broker-dealer and a futures commission merchant and acts as a swap dealer. MSCO provides a wide variety of products and services to a large and diversified group of clients and customers, including corporations, governments, and financial institutions. MSCO's businesses include securities underwriting and distribution; financial advisory services, including advice on mergers and acquisitions, restructurings and project finance; sales, trading, financing and market-making activities in the equity and fixed income businesses; and PB services. To conduct this business, MSCO maintains various regulatory registrations, including with the SEC as a broker-dealer and security-based swap dealer, with the Municipal Securities Rulemaking Board as a municipal securities dealer, and with the Commodity Futures Trading Commission ("**CFTC**") as a futures commission merchant and provisionally as a swap dealer. MSCO has been designated as a primary dealer by the Federal Reserve Bank of New York.

[22] MS Parent is considered as the Firm's covered company and is not evaluated for Material Entity designation, nevertheless MS Parent's activities are in-scope for the Resolution Plan.

Morgan Stanley & Co. International plc (MSIP)

MSIP is the Firm's primary UK broker-dealer. MSIP provides services to corporations, governments and financial institutions including capital raising; financial advisory services, including advice on mergers and acquisitions; restructuring; real estate and project finance; corporate lending; sales and trading; financial and market making activities in equity and fixed income securities and related products, including foreign exchange and commodities; and investment activities. MSIP operates branches in Seoul, Paris, Zurich, the Dubai International Financial Centre and the Qatar Financial Centre.

Morgan Stanley MUFG Securities Co., Ltd. (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 (through Morgan Stanley Japan Holdings Co., Ltd., a Firm consolidated entity) and a 40% economic interest in the overall joint venture with MUFG, which includes MSMS and Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. MSMS focuses on trading fixed income and equity securities and provides sales and trading, capital markets and research services to corporations and institutional clients, with a focus on institutional clients transacting in Japanese products. MSMS is primarily regulated by the Japanese Financial Services Agency (among other regulators) and is provisionally registered with the CFTC as a swap dealer. MSMS has no branches or offices outside of Japan.

Morgan Stanley Capital Services LLC (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. 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 and registered with the SEC as a security-based swap dealer and OTC Derivatives Dealer.

Morgan Stanley Capital Group Inc. (MSCG)

MSCG acts in transactions as a principal, engaging in sales and trading activities across the energy, metals and agricultural commodity sectors. MSCG trades in physical commodities and associated derivative and futures products, and makes markets in spot, forward, swap and futures on commodities. In cases in which MSCG is trading listed products (e.g., futures, listed options on futures and cleared swaps), these transactions are cleared through a central exchange, consistent with Designated Contract Market and Swap Execution Facility requirements. MSCG is provisionally registered with the CFTC as a swap dealer.

Morgan Stanley Europe SE (MSESE)

MSESE is operating as the Firm's primary regulated investment services hub and main booking entity for the Firm's ISG business in the European Economic Area ("**EEA**"), authorized as a CCR Credit Institution (Class 1 Investment Firm) by the European Central Bank ("**ECB**"), swap dealer, and security-based swap dealer. MSESE provides services to corporations, governments and financial institutions including sales and trading; financial and market making activities in equity and fixed income securities and related products, including foreign exchange and commodities; capital raising; financial advisory services, including advice on mergers and acquisitions; restructuring; and investment activities. The scale of activities of MSESE will continue to evolve depending on client demands. MSESE operates branches in Amsterdam, Copenhagen, Madrid, Milan, Paris, Stockholm and Warsaw. MSESE is under direct prudential supervision of the ECB, the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, "**BaFin**") and the Deutsche Bundesbank in the context of the Single Supervisory Mechanism. MSESE subject to the resolution authority of the Single Resolution Board ("**SRB**").

Morgan Stanley Bank Aktiengesellschaft (MSBAG)

MSBAG is a fully licensed bank (a CRR credit institution), which also provides MiFID services. Offerings include settlement and clearing, agent and central security depository, custodian business, liquidity management and lending activities. The scale of activities of MSBAG will continue to evolve depending on client demands. MSBAG, as a subsidiary of MSESE, is under prudential supervision of the ECB, the BaFin and the Deutsche Bundesbank in the context of the Single Supervisory Mechanism. MSBAG is subject to the resolution authority of the SRB.

10.2. Wealth Management Entities

WM operates its non-bank business primarily through the U.S. broker-dealer entity, MSSB, and additionally through E*TRADE Securities. WM also operates banking businesses through insured depository institutions MSBNA and MSPBNA (collectively, U.S. Bank Subsidiaries).

Morgan Stanley Smith Barney LLC (MSSB)

MSSB is a U.S. SEC registered broker-dealer that provides financial services to clients through a network of more than 16,000 financial advisors in approximately 600 locations across the U.S. MSSB financial advisors serve retail and middle market investors with an emphasis on ultra-high net worth, high net worth and affluent investors. MSSB provides solutions designed to accommodate individual investment objectives, risk tolerance and liquidity needs, including such significant products as brokerage and investment advisory services, fixed income principal trading (primarily to facilitate clients' trading or investments in such securities) and education savings programs, financial and wealth planning services, annuity and other insurance products, as well as access to deposit, cash management, loan and credit services for individuals, small and medium-sized businesses in the U.S., retirement accounts, 401(k) plans and stock plan services. MSSB is registered with the SEC as a broker-dealer and as an investment adviser. MSSB is registered as an introducing broker with the CFTC and introduces futures business to MSCO.

Morgan Stanley Bank, N.A. (MSBNA) and Morgan Stanley Private Bank, N.A. (MSPBNA)

The U.S. bank subsidiaries, MSBNA and MSPBNA (collectively, U.S. Bank Subsidiaries) accept deposits, provide loans to a variety of customers, including large corporate and institutional clients as well as high net worth individuals, and invest in securities. Lending activity recorded in the U.S. Bank Subsidiaries from the Institutional Securities business segment primarily includes secured lending facilities, commercial and residential real estate loans, and corporate loans. Lending activity recorded in the U.S. Bank Subsidiaries from the WM business segment primarily includes securities-based lending, which allows clients to borrow money against the value of qualifying securities, and residential real estate loans.

The U.S. Banks are insured depository institutions, federally chartered, and subject to comprehensive regulation and examination by the Office of the Comptroller of the Currency ("**OCC**"). Additionally, MSBNA is provisionally registered with the CFTC as a swap dealer and conditionally registered with the SEC as a security-based swap dealer.

10.3. Investment Management Entities

The IM business operates primarily through two MOEs, MSIM Inc. and MSIM Ltd.

Morgan Stanley Investment Management, Inc. (MSIM Inc.)

MSIM Inc. is a registered investment advisor in the U.S. for certain mutual funds and other institutional products. MSIM Inc. is also the investment sub-adviser to certain mutual funds, and to certain fund and institutional accounts advised by MSIM Ltd. MSIM Inc. is registered as an investment adviser with the SEC, as a commodity pool operator and commodity trading adviser with the CFTC, and with Chinese, Indian and Korean securities regulators and has filed the applicable forms and taken the required actions to rely on the International Advisers Exemption in relevant Canadian provinces.

Under the National Instrument, there is a limited exemption, the international adviser exemption ("**IAE**") available for foreign (in this case, "foreign" means non-Canadian) advisers that provide investment advice to Canadian clients in respect of securities of non-Canadian issuers on a separate account basis. MSIM Inc. has filed the applicable forms and taken the required actions to rely on the IAE in all thirteen provinces of Canada. For purposes of this Plan, "MSIM Inc." refers to all advisers that have claimed the IAE. "MSIM" refers to the traditional asset management business of Morgan Stanley. Morgan Stanley AIP GP LP has not claimed the IAE in any province and so may not solicit separate account business in Canada until such time that the IAE is filed on its behalf.

Morgan Stanley Investment Management Limited (MSIM Ltd.)

MSIM Ltd. is a UK investment firm. MSIM Ltd. provides discretionary investment management services and investment advisory services to clients. Within IM there are a number of Morgan Stanley affiliates conducting investment management business in respect of whom MSIM Ltd. may be a recipient or provider of services. MSIM Ltd. has a representative office in the Dubai International Financial Centre.

10.4. Material Service Entities

Morgan Stanley Holdings LLC (MSH)

MSH serves as the Firm's Funding IHC, providing funding flexibility in stress and in resolution. Under the Resolution Strategy, MSH would serve as a resolution funding vehicle that would supply capital and liquidity to the Material Entities in times of stress and in resolution, in a manner that is resilient to creditor challenge. Specifically, MSH funds MSCO and the MSEs in BAU, and all remaining Material Entities in Resolution.

Morgan Stanley Services Group Inc. (MSSG)

MSSG is the primary U.S. support services provider. It is responsible for providing the preponderance of services to U.S. entities. It is also responsible for the governance and supervision of the majority of services that flow into the U.S. from the Firm's affiliates, globally. MSSG holds employees, fixed assets, leases, data centers and vendor contracts.

Morgan Stanley UK Group (MSUKG)

MSUKG's primary service is to provide physical workspace, by holding leases and data centers, to the Firm employees residing in the UK who support the Firm's UK entities, including MSIP, MSIM Ltd and MSUKL.

Morgan Stanley UK Limited (MSUKL)

MSUKL is the primary UK support services provider. It is responsible for providing the preponderance of services to UK entities. It is also responsible for the governance and supervision of the majority of services that flow into the UK from the Firm's affiliates, globally. MSUKL serves as an MSE in the UK and provides shared services such as Operations, Technology, Human Resources and Accounting services.

Morgan Stanley Smith Barney Financing LLC (MSSBF)

MSSBF's primary activities are to hold real estate leases for MSSB's branch offices and finance fixed assets for WM, in addition to supporting FA notes activity. Its activities are primarily conducted in the U.S.

Morgan Stanley Japan Group Co., Ltd (MSJG)

MSJG provides information technology, administration and personnel-related services, including human resources, corporate services, and information technology, to Firm affiliates in Japan.

Morgan Stanley Services Canada Corp (MSSCC)

MSSCC serves as Canada's support services provider, delivering technology services globally. MSSCC center houses full-time employees (front- and back-office), support contingent workers, fixed assets and real estate leases.

Morgan Stanley Hungary Analytics Limited (MSHAL)

MSHAL is a support services provider and is part of the Firm's location support strategy. As a service provider, MSHAL delivers Finance, Risk, Operations, Technology and Analytics services from Hungary to the Firm's ISG and WM businesses globally.

Morgan Stanley Advantage Services Private Limited (MSASPL)

MSASPL is a support services provider and is part of the Firm's location support strategy. MSASPL teams provide support services from India to various businesses within the ISG, WM and IM divisions across the Firm's offices globally.

Morgan Stanley Asia Limited (MSAL)

MSAL's primary activities consist of investment banking, foreign exchange sales and trading and introductory brokerage, while also providing shared services to other Firm entities. MSAL is a licensed corporation under the Hong Kong Securities and Futures Ordinance.

Morgan Stanley Management Services (Singapore) Pte. Ltd (MSMSSG)

MSMSSG is a support services provider and is part of the Firm's location support strategy. As a shared services provider, MSMSSG holds assets consisting of fixed assets for MS affiliates, as well as third-party contracts.

11. Appendix C: Summary Financial Information

Exhibit 11-1 shows the Firm's Consolidated Balance Sheet from the 2022 Form 10-K.

Exhibit 11-1. Consolidated Balance Sheet from the 2022 Form 10-K

$ in millions, except share data	**At December 31, 2022**	At December 31, 2021
Assets		
Cash and cash equivalents:	**$ 128,127**	$ 127,725
Trading assets at fair value (**$124,411** and $104,186 were pledged to various parties)	**301,315**	294,869
Investment securities (includes **$84,297** and $102,830 at fair value)	**159,931**	182,998
Securities purchased under agreements to resell (includes **$8** and $7 at fair value)	**113,907**	119,999
Securities borrowed	**133,374**	129,713
Customer and other receivables	**78,540**	96,018
Loans:		
Held for investment (net of allowance of **$839** and $654)	**198,997**	174,302
Held for sale	**14,788**	13,832
Goodwill	**16,652**	16,833
Intangible assets (net of accumulated amortization of **$4,253** and $3,819)	**7,618**	8,360
Other assets	**26,982**	23,491
Total assets	**$ 1,180,231**	$ 1,188,140
Liabilities		
Deposits (includes **$4,796** and $1,940 at fair value)	**356,646**	347,574
Trading liabilities at fair value	**154,438**	158,328
Securities sold under agreements to repurchase (includes **$864** and $791 at fair value)	**62,534**	62,188
Securities loaned	**15,679**	12,299
Other secured financings (includes **$4,550** and $5,133 at fair value)	**8,158**	10,041
Customer and other payables	**216,134**	228,685
Other liabilities and accrued expenses	**27,353**	29,300
Borrowings (includes **$78,720** and $76,340 at fair value)	**238,058**	233,127
Total liabilities	**$ 1,079,000**	$ 1,081,542
Commitments and contingent liabilities (see Note 15)		
Equity		
Morgan Stanley shareholders' equity:		
Preferred stock	**8,750**	7,750
Common stock, $0.01 par value: Shares authorized: **3,500,000,000**; Shares issued: **2,038,893,979**; Shares outstanding: **1,675,487,409** and 1,772,226,530	**20**	20
Additional paid-in capital	**29,339**	28,841
Retained earnings	**94,862**	89,432
Employee stock trusts	**4,881**	3,955
Accumulated other comprehensive income (loss)	**(6,253)**	(3,102)
Common stock held in treasury at cost, $0.01 par value **(363,406,570** and 266,667,449 shares)	**(26,577)**	(17,500)
Common stock issued to employee stock trusts	**(4,881)**	(3,955)
Total Morgan Stanley shareholders' equity	**100,141**	105,441
Noncontrolling interests	**1,090**	1,157
Total equity	**101,231**	106,598
Total liabilities and equity	**$ 1,180,231**	$ 1,188,140

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 OCC establishes similar capital requirements and standards for the Firm's U.S. subsidiary banks.

The Firm is required to maintain minimum risk-based and leverage-based capital and TLAC ratios.

Risk-based capital ratio requirements apply to Common Equity Tier 1 capital, Tier 1 capital and Total capital (which includes Tier 2 capital), each as a percentage of RWA, and consist of regulatory minimum required ratios plus the Firm's capital buffer requirement. Capital requirements require certain adjustments to, and deductions from, capital for purposes of determining these ratios. The Firm's risk-based capital ratios are computed under both (i) the Standardized Approach and (ii) the Advanced Approach. The credit risk RWA calculations between the two approaches differ in that the Standardized Approach requires calculation of RWA using prescribed risk weights, whereas the Advanced Approach utilizes models to calculate exposure amounts and risk weights.

Leverage-based capital requirements include a minimum Tier 1 leverage ratio of 4%, a minimum Supplementary Leverage Ratio (SLR) of 3% and an enhanced SLR capital buffer of at least 2%

Exhibit 11-2 presents the Firm's risk and leverage-based capital measures from the 2022 Form 10-K. For additional information please refer to Footnote 17 "Regulatory Requirements" in the Firm's Annual Report on Form 10-K for the year ended December 31, 2022.

Exhibit 11-2. Morgan Stanley Capital Measures as of December 31, 2022

$ in millions	**At December 31, 2022**
Risk-based capital - Standardized	
Common Equity Tier 1 capital ratio	**15.3%**
Tier 1 capital ratio	**17.2%**
Total capital ratio	**19.3%**
Risk-based capital - Advanced	
Common Equity Tier 1 capital ratio	**15.6%**
Tier 1 capital ratio	**17.6%**
Total capital ratio	**19.6%**
Leverage-based capital	
Tier 1 leverage ratio	**6.7%**
Supplementary leverage ratio	**5.5%**

11.1. Funding Sources

The Firm manages its funding in a manner that reduces the risk of disruption to its operations. It pursues a strategy of diversification of secured and unsecured funding sources (by product, investor and region) and attempts to ensure that the tenor of its liabilities equals or exceeds the expected holding period of the assets being financed. The Firm funds its balance sheet on a global basis through diverse sources, which include equity capital, borrowings, repurchase agreements, securities lending, deposits, letters of credit and lines of credit. The Firm has active financing programs for both standard and structured products targeting global investors and currencies.

Secured Financing

A substantial portion of the Firm's total assets consist of liquid marketable securities and short-term receivables arising principally from sales and trading activities in ISG. The liquid nature of these assets provides the Firm with flexibility in managing the composition and size of its balance sheet. The Firm's goal is to achieve an optimal mix of durable secured and unsecured financing. Secured financing investors principally focus on the quality of the eligible collateral posted. Accordingly, the Firm actively manages the secured financings based on the quality of the assets being funded.

The Firm has established longer tenor secured funding requirements for less liquid asset classes, for which funding may be at risk in the event of a market disruption. It defines highly liquid assets as government-issued or government-guaranteed securities with a high degree of fundability and less liquid assets as those that do not meet these criteria. To further minimize the refinancing risk of secured funding for less liquid assets, the Firm has established concentration limits to diversify the investor base and reduce the amount of monthly maturities for secured financing of less liquid assets. Furthermore, the Firm obtains term secured funding liabilities in excess of less liquid inventory as an additional risk mitigant to replace maturing trades in the event that secured financing markets, or its ability to access them, become limited. As a component of its liquidity risk management framework, the Firm holds a portion of its liquidity resources against the potential disruption to its secured financing capabilities.

The Firm also maintains a pool of liquid and easily fundable securities, which provide a valuable future source of liquidity. With the implementation of liquidity standards, the Firm has also incorporated high-quality liquid asset classifications that are consistent with the U.S. Liquidity Coverage Ratio definitions into its encumbrance reporting, which further substantiates the demonstrated liquidity characteristics of the unencumbered asset pool and the Firm's ability to readily identify new funding sources for such assets.

Unsecured Financing

The Firm views long-term debt and deposits as stable sources of funding for unencumbered securities and non-security assets. The Firm's unsecured financings include borrowings and certificates of deposit, which may be composed of traditional instruments and those whose payments and redemption values are based on the performance of a specific index, a basket of stocks, a specific equity security, a commodity, a credit exposure or basket of credit exposures and instruments with various interest rate-related features. When appropriate, the Firm may use derivative products to conduct asset and liability management and to make adjustments to its interest rate risk profile.

Deposits

Deposits are primarily sourced from the Firm's WM clients and consist of brokerage sweep deposits, savings and time deposits.

Borrowings

The Firm believes that accessing debt investors through multiple distribution channels helps provide consistent access to the unsecured markets. In addition, the issuance of borrowings with original maturities greater than one year allows the Firm to reduce its reliance on short-term credit sensitive instruments. Borrowings with original maturities greater than one year are generally managed to achieve staggered maturities, thereby mitigating refinancing risk, and to maximize investor diversification through sales to global institutional and retail clients across regions, currencies and product types. Availability and cost of financing to the Firm can vary depending on market conditions, the volume of certain trading and lending activities, the Firm's credit ratings and the overall availability of credit.

Exhibit 11-3 provides a breakdown of the Firm's borrowings by maturity for MS Parent and its subsidiaries.

Exhibit 11-3. Borrowings by Remaining Maturity at December 31, 2022

$ IN MILLIONS	PARENT COMPANY	SUBSIDIARIES	TOTAL
Original maturities of one year or less	$ --	$4,191	$4,191
Original maturities greater than one year Due in 2023	$11,007	$7,903	$18,910
Due in 2024	19,618	10,224	29,842
Due in 2025	21,462	8,773	30,235
Due in 2026	23,622	5,376	28,998
Due in 2027	17.072	6,489	23,561
Thereafter	76,855	25,466	102,321
Total	**$169,636**	**$64,231**	**$233,867**
Total Borrowings	**$169,636**	**$68,422**	**$238,058**

12. Appendix D: Memberships in Material Payment, Clearing and Settlement Systems

Exhibit 12-1 contains a representative list of the Firm's top memberships in payment, clearing and settlement systems. For additional information on the Firm's payment, clearing and settlement activities, refer to Section 4.3.2 *Payment, Clearing and Settlement Activities*.

Exhibit 12-1. Morgan Stanley's Top Financial Market Utilities

CENTRAL COUNTERPARTY CLEARING HOUSES (CCPS)	CENTRAL SECURITIES DEPOSITORIES (CSDS)	FX SETTLEMENT	AGENT BANKS
Chicago Mercantile Exchange Inc.	Bank of Japan	CLS Bank International	Bank of New York Mellon Corporation
Eurex Clearing AG	Clearstream Banking AG (CSD)		Citigroup Inc.
Options Clearing Corporation			
Depository Trust & Clearing Corporation - Fixed Income Clearing Corporation	Clearstream Banking SA (ICSD)		BNP Paribas S.A.
Depository Trust & Clearing Corporation - National Securities Clearing Corporation	The Depository Trust Company		
ICE Clear Credit LLC	Japan Securities Depository Center Inc.		HSBC Holdings plc
ICE Clear Europe Limited	Euroclear Bank SA NV		JPMorgan Chase & Co
Japan Securities Clearing Corporation	Euroclear UK & Ireland Limited		Mitsubishi UFJ Financial Group, Inc.
LCH Limited	Euroclear France SA		
LCH SA	Hong Kong Securities Clearing Company Limited		

13. Appendix E: 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, 2022, the Firm had approximately 82,000 employees worldwide.

The net revenues disclosed in Exhibit 13-1 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**: WM representatives operate in the Americas; and
- **Investment Management**: Client location, except for Merchant Banking and Real Estate Investing businesses, which are based on asset location.

Exhibit 13-1. Net Revenues by Region from December 31, 2022 Form 10-K

Net Revenues by Region

	Year Ended December 31,	
$ in millions	**2022**	**2021**
Americas	**$ 40,117**	$ 44,605
EMEA	**6,811**	7,699
Asia-Pacific	**6,740**	7,451
Net revenues	**$ 53,668**	$ 59,755

The following are the Firm's non-U.S. MOEs and the products and services they offer:

- **MSIP**: MSIP is the Firm's UK broker-dealer. MSIP provides services to corporations, governments and financial institutions including capital raising; financial advisory services, including advice on mergers and acquisitions; restructuring; real estate and project finance; corporate lending; sales and trading; financial and market making activities in equity and fixed income securities and related products, including foreign exchange and commodities; and investment activities. MSIP operates branches in Seoul, Paris, Zurich, the Dubai International Financial Centre and the Qatar Financial Centre.
- **MSIM Ltd.**: MSIM Ltd. is a UK investment firm. MSIM Ltd. provides discretionary investment management services and investment advisory services to clients. Within IM there are a number of Morgan Stanley affiliates conducting investment management business in respect of whom MSIM Ltd. may be a recipient or provider of services. MSIM Ltd. has a representative office in the Dubai International Financial Centre.
- **MSMS**: MSMS is the Firm's Japanese broker-dealer, operated as a securities joint venture with MUFG. The Firm has a 51% voting interest in MSMS (through Morgan Stanley Japan Holdings Co., Ltd., a Firm consolidated entity) and a 40% economic interest in the overall joint venture with MUFG, which includes MSMS and Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. MSMS focuses on trading fixed income and equity securities and provides sales and trading, capital

markets and research services to corporations and institutional clients, with a focus on institutional clients transacting in Japanese products. MSMS is primarily regulated by the Japanese Financial Services Agency (among other regulators) and is provisionally registered with the CFTC as a swap dealer. MSMS has no branches or offices outside of Japan.

- **MSESE**: MSESE is operating as the Firm´s primary regulated investment services hub and main booking entity for the Firm's ISG business in the EEA. It operates branches in Paris, Madrid, Milan, Stockholm, Amsterdam and Warsaw. MSESE provides services to corporations, governments and financial institutions including sales and trading; financial and market making activities in equity and fixed income securities and related products, including foreign exchange and commodities; capital raising; financial advisory services, including advice on mergers and acquisitions; restructuring; and investment activities. The scale of activities of MSESE will continue to evolve depending on client demands. MSESE is under direct prudential supervision of the ECB, BaFin, and the Deutsche Bundesbank in the context of the Single Supervisory Mechanism. MSESE is subject to the resolution authority of the SRB.
- **MSBAG**: MSBAG is a fully licensed bank (a CRR credit institution), which also provides MiFID services. Offerings include settlement and clearing, agent and central security depository, custodian business, liquidity management and lending activities. The scale of activities of MSBAG will continue to evolve depending on client demands. MSBAG, as a subsidiary of MSESE, is under prudential supervision of the ECB, BaFin, and the Deutsche Bundesbank in the context of the Single Supervisory Mechanism. MSBAG is subject to the resolution authority of the SRB.

14. Appendix F: Interconnectedness

The Firm's legal entity structure facilitates a rapid and orderly resolution, including with respect to the sales of WM and IM and the wind down of ISG. Each Core Business Line operates largely on a distinct set of Material Entities[23] and each Core Business Line has clean ownership structures supporting separability. The Firm has also established operationally and financially resilient MSEs, which are separate and distinct from its MOEs.

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

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

- **Core Business Line Subsidiaries**: Non-bank operating companies and dedicated service entities that transact with the Core Business Line's customers and counterparties and hold licenses or memberships to engage in certain activities:
    - ISG MOEs include MSCO, MSIP, MSMS, MSCS, MSCG, MSESE and MSBAG;
    - WM MOEs include MSSB; and
    - IM MOEs include MSIM Inc. and MSIM Ltd.
- **Bank Subsidiaries**: Insured depository institutions that take deposits and provide loans and other banking products to their customers:
    - WM MOEs include MSBNA and MSPBNA.
- **Service Entities**: Dedicated service entities that provide corporate and support services to operating companies, such as technology, real estate and payroll services, and support all Core Business Lines and Critical Functions:
    - Shared Service Entities include the MSEs shared across Core Business Lines; and
    - Funding IHC (MSH).

There are broadly three types of relationships through which interconnectedness between Material Entities exist, (i) funding relationships, (ii) service relationships and (iii) transactional relationships.

14.1. Funding Relationships

Material Entities may have funding relationships with affiliates in which an entity raises funds and lends those funds to its affiliates. Examples include unsecured debt, equity funding and secured funding (e.g., repurchase agreements or securities lending). Each of these relationships is accounted for within the

[23] The primary exception is MSBNA, which offers both ISG and WM products and services. As an insured depository institution, MSBNA's interconnection with ISG is at arm's-length pursuant to regulatory requirements. These connections therefore would not impede the sale of MSBNA together with the WM business.

RFM. Additionally, to mitigate the potential misallocation of resources in resolution, the Firm implemented the Funding IHC structure in 2019. The Funding IHC was established to preserve funding flexibility and enhance the ability to allocate financial resources as needed to Material Entities in resolution, as described in Exhibit 14-1. MS Parent will contribute assets to the Funding IHC to provide capital only after an MS Parent bankruptcy filing and liquidity to Material Entities both before and after an MS Parent bankruptcy filing.

Exhibit 14-1. Identification of Material Service Entities by Jurisdiction

MATERIAL SERVICE ENTITY	PRINCIPAL SERVICE CATEGORIES	PRIMARY PROVIDERS OF RESOLUTION CRITICAL SERVICES TO MATERIAL ENTITIES
Funding IHC	Funding of Material Entities in Resolution	All 12 MOEs

14.2. Service Relationships

Material Entities may have service relationships with affiliates in which an entity obtains ownership or control of operational resources (e.g., personnel or real estate) and then uses those resources to support the activities of an affiliate. Examples include clearing and settlement, technology, facilities and payroll services.

A majority of the Firm's MSEs are Shared Service Entities that provide a variety of services to the Firm's MOEs across jurisdictions, as described in Exhibit 14-2.

Exhibit 14-2. Identification of Material Service Entities by Jurisdiction

JURISDICTION	MATERIAL SERVICE ENTITY	PRINCIPAL SERVICE CATEGORIES	PRIMARY PROVIDERS OF RESOLUTION CRITICAL SERVICES TO MATERIAL ENTITIES
U.S.	MSSG	Fixed Assets Personnel Real Estate (Incl. Data Centers) Vendor contracts	All 12 MOEs
	MSSBF	Fixed Assets Real estate Vendor contracts	MSSB
UK	MSUKL	Fixed Assets Personnel Real estate Vendor contracts	All 12 MOEs
	MSUKG	Real estate (Incl. Data Centers)	MSIP, MSESE, MSIM Ltd.
Japan	MSJG	Fixed Assets Personnel Real Estate (Incl. Data Centers) Vendor contracts	All 12 MOEs
Canada	MSSCC	Fixed Assets Real estate Personnel	All 12 MOEs
Hungary	MSHAL	Fixed Assets Personnel Real Estate Vendor contracts	All 12 MOEs
India	MSASPL	Fixed Assets Personnel Real Estate (Incl. Data Centers)	All 12 MOEs
Hong Kong	MSAL	Fixed Assets	All 12 MOEs

JURISDICTION	MATERIAL SERVICE ENTITY	PRINCIPAL SERVICE CATEGORIES	PRIMARY PROVIDERS OF RESOLUTION CRITICAL SERVICES TO MATERIAL ENTITIES
		Personnel Data Centers Vendor Contracts	
Singapore	MSMSSG	Data Centers Vendor Contracts	All 12 MOEs

14.3. Transactional Relationships

Material Entities may have transactional relationships with affiliates in which (i) an entity faces a client and transfers its exposure to another entity for risk management or (ii) an entity maintains direct access to an FMU or agent bank and then acts as principal to intermediate such access for an affiliate. Examples include securities and derivatives transactions and related FMU and agent bank access. The Firm has identified interconnectedness within the three Core Business Lines, ISG, WM and IM. Within each Core Business Line, additional interconnectedness may exist across all types of relationships, which is described below.

The Firm's top FMUs and agent banks are listed in *Appendix D: Memberships in Material Payment, Clearing and Settlement Systems*.

14.3.1. Interconnectedness within ISG Core Business Line

Within the Firm's ISG Core Business Line, MOEs have transactional relationships driven largely by differences between the legal entities that transact with clients and counterparties in local markets around the globe and the legal entities offering the products that such clients and counterparties require. Such financial interconnectedness between these entities are used to manage risk and satisfy regulatory requirements. The most common forms of financial interconnectedness among ISG MOEs are secured funding and derivatives relationships, as well as related FMU and agent bank access.

The Firm also has an Inter-Affiliate Market Risk Framework that performs the market risk analysis to understand and manage the interconnectivity of the Firm's MDEs with affiliates. This framework analyzes the potential residual risk of an MDE in the event that the cleared and/or listed products are unable to fully offset any of the risk associated with the assumed termination of specific affiliate trades.

Additionally, the Firm has implemented a Global ISG Booking Model Policy that centralizes and formalizes the Firm's booking model principles, enhances the process for managing booking models including the process for approving new booking models and outlines the booking model inventory and escalation process. The Firm's booking practices include capabilities to document the interconnectedness between the legal entities by maintaining adequate controls, infrastructure and MI, rationalizing the number of inter-affiliate transactions and centralizing market risk regionally or globally to minimize the number of entities for efficient risk management.

Significant examples of each type of interconnection within ISG are provided in Exhibit 14-3. All of the ISG MOEs may receive these services. In addition to interconnectedness within the ISG Core Business Line described in this exhibit, other Firm entities—predominantly MS Parent—provide credit support with respect to some transactions of MOEs.

Exhibit 14-3. Interconnectedness within Institutional Securities Group Core Business Line

RELATIONSHIP TYPE	DESCRIPTION	PRIMARY PROVIDERS TO ISG MATERIAL ENTITIES
Secured Funding	MOEs use inter-affiliate 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, MSBAG, MSESE
Derivatives	MOEs use inter-affiliate 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 MOE's affiliates.	MSCO, MSCS, MSIP, MSMS, MSESE

14.3.2. Interconnectedness within Wealth Management Core Business Line

In addition to ISG interconnectedness, the Firm has identified interconnectedness within WM and IM MOEs. Significant examples of each type of interconnection within WM are provided in Exhibit 14-4.

Exhibit 14-4. Interconnectedness within Wealth Management Core Business Line

RELATIONSHIP TYPE	DESCRIPTION	PRIMARY PROVIDERS TO WM MATERIAL ENTITIES
Deposit Funding	MSBNA and MSPBNA funding is primarily through cash deposits of MSSB clients through the BDP. MSBNA provides WM with a mechanism to provide FDIC insurance protection to its clients' cash balances as well as a means to generate accretive returns to the Firm.	MSBNA, MSPBNA
Lending	MSBNA and MSPBNA offer lending products for customers of its affiliate retail broker-dealer, MSSB.	MSBNA, MSPBNA, MSSB

14.3.3. Interconnectedness within Investment Management Core Business Line

Significant examples of each type of interconnection within IM are provided in Exhibit 14-5.

Exhibit 14-5. Interconnectedness within Investment Management Core Business Line

RELATIONSHIP TYPE	DESCRIPTION	PRIMARY PROVIDERS TO IM MATERIAL ENTITIES
Advisor	MSIM Inc. is the investment sub-advisor to certain mutual funds and institutional accounts advised by MSIM Ltd. Additionally, MSIM Ltd. is the investment sub-advisor to certain mutual funds and institutional accounts advised by MSIM Inc.	MSIM Inc., MSIM Ltd.

14.4. Guarantees

MS Parent guarantees the payment obligations of certain subsidiaries and certain subsidiaries guarantee the payment obligations of certain affiliates. As required by the Firm's "**Morgan Stanley Guarantee and Credit Support Policy**," MS Parent is the preferred issuer for all guarantees. The Morgan Stanley Guarantee and Credit Support Policy outlines the guidelines to be followed by Corporate Treasury when issuing MS Parent guarantees. As required by the Federal Reserve Board's final rules regarding total loss absorbing capacity, long term debt and clean holding company requirements,[24] the Firm prohibits the issuance of a guarantee that contains a default right related to the insolvency of MS Parent, unless the guarantee is separately subject to the Federal Reserve Board's and OCC's final rules regarding resolution stay requirements for QFCs, which also impose certain restrictions on interconnectedness for QFCs.[25]

In situations where an MS Parent guarantee does not satisfy the applicable regional legal, regulatory and/or business requirements, a guarantee may be issued by an MS Parent subsidiary, subject to the Morgan Stanley Guarantee and Credit Support Policy. The Morgan Stanley Guarantee and Credit Support Policy provides a centralized and controlled process for issuance, maintenance and reporting guarantees. Any guarantees that are issued by Morgan Stanley subsidiaries, are on an arm's length basis for another Morgan Stanley entity for the benefit of a consolidated Morgan Stanley subsidiary or an external third-party.

[24] Board of Governors of the Federal Reserve System, Final Rule, Total Loss-Absorbing Capacity, Long-Term Debt, and Clean Holding Company Requirements for Systemically Important U.S. Bank Holding Companies and Intermediate Holding Companies of Systemically Important Foreign Banking Organizations, 82 Fed. Reg. 8266 (Jan. 24, 2017).

[25] Board of Governors of the Federal Reserve System, Final Rule, Restrictions on Qualified Financial Contracts of Systemically Important U.S. Banking Organizations and the U.S. Operations of Systemically Important Foreign Banking Organizations; Revisions to the Definition of Qualifying Master Netting Agreement and Related Definitions, 82 Fed. Reg. 42882 (Sept. 12, 2017); Office of the Comptroller of the Currency, Final Rule, Mandatory Contractual Stay Requirements for Qualified Financial Contracts, 82 Fed. Reg. 56630 (Nov. 29, 2017).

15. Appendix G: Material Supervisory Authorities

The Firm is subject to extensive regulation by U.S. federal and state regulatory agencies and securities exchanges and by regulators and exchanges in each of the major markets where the Firm conducts business. Moreover, in response to the 2007-2008 financial crisis, legislators and regulators, both in the U.S. and worldwide, have adopted, continue to propose or are in the process of implementing a wide range of reforms that have resulted or that may in the future result in major changes to the way the Firm is regulated and conducts its business. These reforms include the Dodd-Frank Act; risk-based capital, leverage and liquidity standards adopted or being developed by the Basel Committee on Banking Supervision, including Basel III, and the national implementation of those standards; capital planning and stress testing requirements; the QFC Stay Rules; and new resolution regimes that are being developed in the U.S. and other jurisdictions. While certain portions of these reforms are effective, others are still subject to final rulemaking or transition periods. Exhibit 15-1 identifies material supervisory authorities for the Firm's MOEs.

Exhibit 15-1. Supervisory Authorities

SUPERVISOR	JURISDICTION
Chicago Mercantile Exchange	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.
North American Securities Administrators Association	U.S.
Office of the Comptroller of the Currency	U.S.
Securities and Exchange Commission	U.S.
European Central Bank	Europe
Single Resolution Board (SRB)	Europe
Prudential Regulation Authority	UK
Financial Conduct Authority	UK
Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin)	Germany
Deutsche Bundesbank (German Central Bank)	Germany
Bank of Japan	Japan
Financial Services Agency	Japan

SUPERVISOR	JURISDICTION
Japan Securities Dealers Association	Japan
Securities and Exchange Surveillance Commission	Japan
Hong Kong Monetary Authority	Hong Kong
Hong Kong Securities and Futures Commission	Hong Kong
Monetary Authority of Singapore	Singapore

16. Appendix H: Principal Officers

Exhibit 16-1 identifies the executive officers of MS Parent and their current titles.

Exhibit 16-1. Morgan Stanley Principal Officers

OFFICER	POSITION
James P. Gorman	Chairman of the Board and Chief Executive Officer
Mandell L. Crawley	Chief Human Resources Officer
Eric F. Grossman	Executive Vice President, Chief Legal Officer and Chief Administrative Officer
Edward N. Pick	Co-President, Head of Institutional Securities Group and Co-Head of Corporate Strategy
Andrew M. Saperstein	Co-President and Head of Wealth Management
Daniel A. Simkowitz	Head of Investment Management and Co-Head of Corporate Strategy
Charles Smith[26]	Executive Vice President and Chief Risk Officer
Sharon Yeshaya	Executive Vice President and Chief Financial Officer

[26] Charles Smith succeeded Keishi Hotsuki as of 5/19/2023.

17. Glossary

TERM	ACRONYM	DEFINITION
165(d) Rule		Federal Reserve Board Regulation QQ, 12 CFR Part 243 and Federal Deposit Insurance Corporation Regulation 12 CFR Part 381
2019 Letter		The Agencies' feedback on the Firm's 2019 Title I Resolution Plan
2021 Plan		The Firm's 2021 Targeted Title I Resolution Plan
Action Zone		Stage 2 of the Firm's stress continuum, commencing escalation and development of remediation plan
Advanced Approach		Calculation of RWA using models to calculate exposure amounts and risk weights
Agencies		A collective term for the FRB and FDIC
Agent Bank		A financial institution that allows the Firm to access PCS infrastructure in markets in which the Firm does not maintain direct access
Asset and Liability Committee	ALCO	A type of governance body that is responsible for overseeing capital adequacy, funding requirements, liquidity risk and interest rate management from various perspectives (e.g., the Firm, segment, region or entity)
Bank Deposit Program	BDP	Deposit program through which free credit balances in accounts of MSSB customers are automatically deposited into deposit accounts at MSBNA and MSPBNA
Bank Resource Management	BRM	A division within ISG that is responsible for the Firm's securities financing transactions (including repurchase agreements and securities lending), hedging multiple valuation adjustments associated with Fixed Income derivatives, optimizing resources associated with the Firm's cleared activity (cash/listed/OTC and securities financing transactions) as well as optimizing collateral management globally. BRM is dually accountable to the Heads of the Institutional Equities and Fixed Income Divisions and sits within ISG Management.
Bankruptcy Bridge Company		A NewCo owned by a trust for the sole benefit of MS Parent's bankruptcy estate
Bankruptcy Code	Chapter 11	Title 11 of the U.S. Code, as amended
Bankruptcy Court		The U.S. Bankruptcy Court with jurisdiction over the Chapter 11 Proceedings
Basel		Refers to the Basel III agreement, which updates and strengthens the Basel Accords set by the Basel Committee on Bank Supervision and includes requirements related to the minimum amount of common equity and minimum liquidity ratio for banks and additional requirements for those banks deemed as "systemically important banks"
Baseline		Stage 1 of the Firm's stress continuum, indicating BAU conditions
Board of Directors	Board	
Booking Model Committee		Global ISG Booking Model Committee
Booking Model Inventory System	BMIS	The Firm's system for capturing its Booking Model Inventory, owned by the ISG Cross-Divisional Governance group
BRM Command		Firm's command and control protocol that provides globally coordinated communications and governs the Firm's preparedness, organization, escalation and response to events that could potentially impact the Firm's financial position
Bundesanstalt für Finanzdienstleistungs aufsicht	BaFin	German Federal Financial Supervisory Authority
Business-as-Usual	BAU	Normal operating environment

TERM	ACRONYM	DEFINITION
Business Unit	BU	Organization or group within the Firm that represents a specific front-office business function
Capital Requirements Regulation	CRR	
Central Counterparty	CCP	A financial institution that facilitates the clearing and settlement of certain financial transactions by serving as the intermediary of credit risk between the buyer and seller of such transactions
Central Securities Depositories	CSDs	A financial institution used to settle securities transactions by enabling the exchange of securities and/or cash, and therefore the transfer of ownership between the two counterparties
Chapter 11		Chapter 11 of the U.S. Bankruptcy Code
Committee on Uniform Securities Identification Procedures	CUSIP	
Commodity Futures Trading Commission	CFTC	
Contributable Assets		Certain assets of MS Parent and Funding IHC that may be used to make capital contributions and provide liquidity to Material Entities pursuant to the Support Agreement
Contractually Binding Mechanism		A support agreement or other legally binding contract that is designed to mitigate potential creditor challenges to the provision of capital and liquidity support by a top-tier or intermediate holding company to its subsidiaries during a time of financial distress
Core Business Line	CBL	Pursuant to the 165(d) Rule, Core Business Lines means those business lines of the Firm, including associated operations, services, functions and support, that, in the view of the Firm, upon failure would result in a material loss of revenue, profit, or franchise value
Critical Contracts		All written contracts, other than QFCs, that relate to the receipt of inter-affiliate and third-party services, products or resources that would be necessary for the business of a Material Entity to function during an orderly resolution and are not promptly substitutable without a material adverse effect on the Material Entity's operation during resolution, or if a contractual breach or termination as a result of the implementation of the Resolution Plan would cause a material adverse effect
Critical Economic Function		Product / activity of the MSI Group, the sudden disruption of which would likely have a material negative impact on third parties, give rise to contagion or undermine the general confidence of market participants
Critical Functions		A collective term referring to the Firm's Critical Operations and Critical Economic Functions
Critical Operation		Pursuant to the 165(d) Rule, Critical Operations means those operations of the Firm, including associated services, functions and support, the failure or discontinuance of which, in the view of the Firm or as jointly directed by the Agencies, would pose a threat to the financial stability of the U.S.
Critical Personnel		Employees who perform or support Critical Services in resolution
Critical Service		Critical Services are a set of activities of essential importance to resolution strategy execution, including activities performed within the Firm or outsourced to third parties, the failure or discontinuance of which would lead to an inability to perform critical functions.
Critical Vendor		A vendor that provides services that would be necessary for the business of a Material Entity to function during an orderly resolution, and that is not promptly substitutable without a material adverse effect on the Material Entity's operation during resolution
Deposit Insurance Fund	DIF	
Deutsche Bundesbank		Central Bank of Germany

TERM	ACRONYM	DEFINITION
Dodd-Frank Act		Dodd-Frank Wall Street Reform and Consumer Protection Act
Dynamic Minimum Operating Liquidity	DMOL	The methodology for changes in intraday requirements to support daily operations as the portfolio unwinds
Employee Retention Playbook		Firm playbook that describes plans for HR and business management to identify and retain personnel considered critical for the execution of the Resolution Strategy, including the related governance bodies and decision making process
European Central Bank	ECB	
European Economic Area	EEA	
Executive Sponsors		Chief Operating Officer / Chief Financial Officer, Chief Legal Officer
Federal Deposit Insurance Corporation	FDIC	
Federal Reserve Board	FRB	
Final Rule		Final Rule implementing the resolution planning requirements of section 165(d) of the Dodd-Frank Wall Street Reform and Consumer Protection Act
Finance		Firm division that includes product, regulatory and infrastructure controllers as well as Corporate Treasury, Tax, Financial Planning and Analysis and Strategy, Operations and Technology groups
Financial Market Utility	FMU	Multilateral systems that provide the infrastructure for transferring, clearing and settling payments, securities and other financial transactions among financial institutions or between financial institutions and the system
Financial Stress Communications Playbook		Firm playbook that describes the Firm's plans to manage and execute communications with key stakeholders in periods of financial stress
Firm		A collective term for MS Parent with all of its subsidiaries on a consolidated basis
Firm Strategy and Execution	FSE	Firm division that is responsible for Firmwide and division-specific strategic planning and execution of corporate M&A processes
Firmwide Shared Services		Firm division that provides global operational oversight and monitoring of support services delivered by the MSE network.
Firmwide Shared Services Command	FSS Command	In Recovery and Resolution situations, FSS Command acts as the global communications channel and coordinator for operational continuity of shared services
Fixed Income Division	FID	Firm division that includes the Firm's sales and trading business as related to fixed income, foreign exchange and commodities BUs
FMU and Agent Bank Access Playbooks		Firm playbooks that describe strategies to facilitate continued access to the Firm's top FMUs and agent banks during a period of financial stress
FMU Command		Governance and communication protocol to support the Firm's PCS access strategies
Global Capital Markets	GCM	Firm division that provides traditional market coverage and underwriting services focused on providing customized capital structure solutions to clients
Global Recovery and Resolution Assessment Framework	GRRAF	A Firmwide framework developed to provide a globally consistent method to assess and test recovery and resolvability capabilities, which is supported by a technology solution organized around shared characteristics to enhance regional alignment and coordination

TERM	ACRONYM	DEFINITION
Global Resolution Planning Non-Qualified Financial Contract Policy	Non-QFC Policy	Firm policy that sets forth the responsibilities and guidelines required to enable the Firm to identify its Critical Contracts, sets forth requirements so that these critical contracts contain resolution-friendly terms and provides consistent governance and oversight so that these critical contract do not conflict in a material way with the Plan
Global Third-Party Risk Management Policy		Sets forth the standards and requirements for Morgan Stanley's Third-Party Risk Management Program
Governance Mechanisms		Mechanisms designed to facilitate timely execution of required Board actions, including authorizing MS Parent to provide financial resources to the Funding IHC and Material Entities in a manner that is resilient to potential creditor challenge
Governance Playbooks		Firm playbooks for each Material Entity that describe the Trigger and Escalation Framework and discuss the expected actions a Board may consider in accordance with its fiduciary duties throughout the stress continuum
Guarantee Administrative Priority Motion		Emergency elevation motion, with transfer as an alternative form of relief, that would be submitted to the bankruptcy court to elevate guarantees of subsidiary QFCs to administrative priority status, consistent with the requirements of the ISDA Protocols
Highly Liquid Assets	HLA	The Firm's reserve for liquidity, which is comprised of highly liquid and diversified cash and cash equivalents and unencumbered securities
Hypothetical Resolution Scenario		Hypothetical failure scenario and associated assumptions mandated by regulatory guidance
IM Sale Package		Refers to the in-scope business and functional capabilities of IM, including key business processes, personnel, systems, applications, vendors, facilities and intellectual property that would be included within the sale in a resolution scenario
Institutional Equities Division	IED	Division of the Firm that acts as agent and principal (including as a market-maker) in executing transactions globally in cash equity, equity related products, equity derivatives and equity-linked or related products, as well as offering a full suite of PB services
Institutional Securities Group	ISG	Segment of the Firm that provides institutional customers with a range of financial advisory and capital-raising services, assists them in accessing the capital markets and taking or hedging risk
Insured Depository Institution	IDI	
Inter-Affiliate Market Risk Framework		The Firm's framework for inter-affiliate risk monitoring
Inter-Affiliate Task Orders	IATO	Task orders entered into among the MSEs and between the MSEs and their MOE customers
Intermediate Holding Company	IHC	Entity that sits in the ownership chain between a top-tier parent entity and another subsidiary of the top-tier parent company
Internal Liquidity Stress Testing	ILST	Framework the Firm uses to size the Firm's liquidity risk by applying stress parameters to the Firm's liquidity profile over a range of scenarios and time horizons, taking into account the Firm's balance sheet exposures, off-balance sheet exposures, size, risk profile, complexity, business lines and organization structure, among other things
Internal Loss Absorbing Capacity	ILAC	For a given legal entity, the GAAP equity and subordinated debt of the entity, plus unsecured borrowings of the entity from MS Parent or direct affiliate holding companies that can be converted into subordinated debt or GAAP equity
International Adviser Exemption	IAE	Available for foreign advisers that provide investment advice to local clients in respect of securities of foreign issuers on a separate account basis.
International Swaps and Derivatives Association	ISDA	

TERM	ACRONYM	DEFINITION
Investment Banking Division	IBD	Division of the Firm that offers financial advisory and capital-raising services to corporations, organizations and governments around the world. IBD manages and participates in public offerings and private placements of debt, equity and other securities worldwide
Investment Management	IM	Segment of the Firm that provides a comprehensive suite of investment management solutions to a diverse client base that includes governments, institutions, corporations, pension plans and individuals worldwide
ISDA Protocols		Part of a series of initiatives promoted by U.S. and foreign regulators and the financial industry to contractually limit early termination of QFCs and is a recognized method of compliance with the QFC Stay Rules
ISDA Protocols Playbook		Part of the Bankruptcy Playbook which analyzes issues associated with the implementation of the stay on cross default rights described in Section 2 of the ISDA Protocols and provides an actionable guide to supplement the related motions and memoranda with a day-to-day description of the steps that would be taken in the periods before entering, and upon commencement of, MS Parent's bankruptcy proceeding
ISG Cross-Divisional Governance	CDG	Owners of the Booking Model Inventory System and governs the Trader Mandate Library and Controls Program
ISG MOEs		MOEs that are part of the ISG Solvent Wind Down, which include MSCO, MSIP, MSMS, MSCS, MSCG, MSESE and MSBAG
ISG Solvent Wind Down		Resolution strategy for ISG that contemplates the recapitalization of the ISG MOEs as necessary for them to remain solvent and liquid as they are wound down outside of resolution proceedings
Legal Entity Rationalization	LER	
Legal Entity Rationalization Criteria	LER Criteria	The Firm's criteria for maintaining a rationale and resolvable legal entity structure
Liquidity Coverage Ratio	LCR	Under the Basel III agreement, an assessment to determine whether or not a bank has sufficient HQLA to survive a significant stress scenario lasting 30 calendar days
Liquidity Risk Department	LRD	Division of the Firm that independently monitors liquidity risk arising from the Firm's business activities globally. Effective oversight of liquidity risk requires the proper identification, assessment, measurement, monitoring, reporting, escalation and mitigation of risks arising from the Firm's activities
Management Information	MI	Represents reporting the Firm utilizes across its Core Business Lines and Critical Functions to monitor and support key activities and functions
Management Information System	MIS	Represents the capabilities and applications that are used to produce MI
Marketing and Sale Playbook		Firm playbook that describes the marketing and sale process that the Firm would expect to execute in a resolution scenario
Material Derivative Entities	MDEs	Legal entities that represent the vast majority (for example, 95%) of a dealer firm's derivatives transactions measured by firm-wide derivatives notional and by firm-wide gross market value of derivatives
Material Entity		A subsidiary or foreign office of the covered company that is significant to the activities of an identified critical operation or core business line, or is financially or operationally significant to the resolution of the covered company
Material Entity Sales Proceeds Funding Agreements		Agreements regarding the potential use of proceeds from sales of the WM and IM Sale Packages, which serve as an additional source of liquidity in resolution. The Resolution Strategy does not rely on the use of sales proceeds for successful execution

TERM	ACRONYM	DEFINITION
Material Financial Distress		Point in time at which (i) the Firm has incurred, or is likely to incur, losses that will deplete all or substantially all of its capital, and there is no reasonable prospect for the Firm to avoid such depletion, (ii) the assets of the Firm are, or are likely to be, less than its obligations to creditors and others and (iii) the Firm is, or is likely to be, unable to pay its obligations (other than those subject to a bona fide dispute) in the normal course of business
Material Operating Entities	MOEs	Legal entity that provides critical functions and/or offers products or services to clients or counterparties and earn a significant portion of Core Business Line profits
Material Service Entity	MSEs	Legal entity that owns or controls resources that are significant to the continuity of the Firm's Core Business Line activities as executed by MOEs, and is not an MOE itself
Mergers and Acquisitions	M&A	
Minimum Capital Level	MCL	Minimum capital required according to the relevant capital regime during the Resolution Period
Minimum Operating Liquidity	MOL	The amount of liquidity that the Firm needs to run its daily operations
Mitsubishi UFJ Financial Group, Inc.	MUFG	Japan broker-dealer and Firm's joint venture partner since 2008 when the Firm entered into an alliance to provide integrated services across corporate and investment banking, retail banking and asset management
Model Risk Management	MRM	Division of the Firm that is responsible for independent risk control and review and validation of the pricing and risk measurement models used by the Firm for valuation models
Morgan Stanley & Co. International Plc	MSIP	UK Investment Firm; Designated as a MOE
Morgan Stanley & Co. LLC	MSCO	U.S. Broker-Dealer; Designated as a MOE
Morgan Stanley Advantage Services Private Limited	MSASPL	India Workforce Center; Designated as a MSE
Morgan Stanley Asia Limited	MSAL	Hong Kong Broker-Dealer and Support Service Provider; Designated as a MSE
Morgan Stanley Bank Aktiengesellschaft	MSBAG	German Bank; Designated as a MOE
Morgan Stanley Bank, N.A.	MSBNA	U.S. National Bank; Designated as a MOE
Morgan Stanley Capital Group Inc.	MSCG	U.S. Commodities, Swaps Dealer; Designated as a MOE
Morgan Stanley Capital Services LLC	MSCS	U.S. Swaps Dealer; Designated as a MOE
Morgan Stanley Europe SE	MSESE	German Broker-Dealer; Designated as an MOE
Morgan Stanley Guarantee Policy		Provides a centralized and controlled process for issuance, maintenance and reporting guarantees.
Morgan Stanley Holdings LLC	MSH or Funding IHC	Funding IHC; Designated as a MSE
Morgan Stanley Hungary Analytics Limited	MSHAL	Hungary Workforce Center; Designated as a MSE
Morgan Stanley Investment Management Inc.	MSIM Inc.	U.S. Investment Advisory; Designated a MOE

TERM	ACRONYM	DEFINITION
Morgan Stanley Investment Management Limited	MSIM Ltd	UK Investment Advisory; Designated as a MOE
Morgan Stanley Japan Group Co., Ltd	MSJG	Japan Support Services Provider; Designated as a MSE
Morgan Stanley MUFG Securities Co., Ltd.	MSMS	Japan Broker-Dealer; Designated as a MOE
Morgan Stanley Private Bank, National Association	MSPBNA	U.S. National Bank; Designated as a MOE
Morgan Stanley Services Canada Corp	MSSCC	Montreal Technology Workforce Center; Designated as a MSE
Morgan Stanley Services Group	MSSG	U.S. Support Services Provider; Designated as a MSE
Morgan Stanley Smith Barney Financing LLC	MSSBF	U.S. Real Estate and Procurement Company; Designated as a MSE
Morgan Stanley Smith Barney LLC	MSSB	U.S. Broker-Dealer; Designated as a MOE
Morgan Stanley UK Group	MSUKG	UK Real Estate Company; Designated as a MSE
Morgan Stanley UK Limited	MSUKL	UK Support Services Provider; Designated as a MSE
MS Parent		The Firm's stand-alone parent holding company on an unconsolidated basis
MSE Network		Refers broadly to the Firm's MSEs, which provide resolution resilient services to MOEs
Multiple Point of Entry	MPOE	Resolution strategy in which more than one of a firm's legal entities files for bankruptcy while the remainder are sold or wound down
National Futures Association	NFA	
National Securities Clearing Corporation	NSCC	Central counterparty that provides clearing, settlement, risk management, central counterparty services and a guarantee of completion for certain transitions
Near-Term RCEN		Represents estimates of RCEN over the next 10 business days
Near-Term RLEN		Represents estimates of RLEN over the next 10 business days
NewCo		A new solvent holding company owned by a trust for the sole benefit of MS Parent’s bankruptcy estate
Office of the Comptroller of the Currency	OCC	
Payment, Clearing and Settlement	PCS	
PCS Framework		Framework that contains the Firm’s capabilities for continued access to PCS services essential to an orderly resolution
PCS Providers		FMUs and agent banks used by the Firm to facilitate the clearing and settlement of cash and securities transactions in various markets globally
PCS Steering Committee		Oversees the Firm’s capabilities for continued access to PCS services essential to an orderly resolution

TERM	ACRONYM	DEFINITION
the Plan		The Firm's 2023 Title I Resolution Plan
Point of Non-Viability	PNV	The point at which MS Parent is no longer viable and files for bankruptcy
Portfolio Loan Account	PLA	
Positioning Framework		Framework that the Firm uses to determine the appropriate amount of financial resources (i.e., liquid assets and ILAC) to be positioned at MS Parent, Funding IHC and Material Entities
Primary Scenario		The hypothetical financial scenario underpinning the Resolution Plan
Prime Brokerage	PB	
Process Taxonomy		The Firm's method of describing its functions
Profit and Loss	P&L	
Public Section		Public portion of 2023 Plan
QFC Stay Rules		The QFC Stay Rules impose certain restrictions on the terms of QFCs entered into with U.S. G-SIBs and the U.S. operations of foreign G-SIBs and require G-SIBs that are subject to the rules to remediate their in-scope QFCs
Qualified Financial Contract	QFC	Contracts that, in many jurisdictions, have bankruptcy safe harbors that allow non-defaulting counterparties to exercise contractual termination rights, value terminated transactions and setoff collateral against outstanding obligations even if their counterparty has filed for bankruptcy. The predominant types of QFC-based Firm transactions are OTC derivatives, repurchase agreements and stock lending
QFC Remediation Project		A project to eliminate the potentially destabilizing effects of early terminations of QFCs. It also enhances the Firm's ability to wind down its QFCs in an orderly manner, in accordance with its resolution strategy
RCAP*		Runway Period losses plus RCEN
Recovery		Stage 3 of the Firm's stress continuum, prompting continuation of actions required in the Action Zone and commencement of daily runs of the RFM, implementation of the Support Agreement and continued execution of remediation actions
Recovery and Resolution Planning	RRP	
Resolution		Stage 5 of the Firm's stress continuum and the period of time between MS Parent's bankruptcy filing and the completion of the Resolution Strategy
Resolution Capital Adequacy and Positioning	RCAP	Resolution planning capability identified by the Agencies, which determines the appropriate positioning of internal loss absorbing capacity between MS Parent and each of the Material Entities
Resolution Capital Execution Need	RCEN	Resolution planning capability identified by the Agencies, which represents the methodology for estimating the capital that each Material Entity requires for the execution of the Firm's Resolution Strategy
Resolution Financial Model	RFM	Global modeling platform used to meet home and host regulator RRP modeling requirements and would be used to facilitate decision making in an actual event. The Firm utilizes its RFM to estimate the financial resources required for each Material Entity within the Runway Period and the Resolution Period, including estimates of RLEN and RCEN
Resolution Liquidity Adequacy and Positioning	RLAP	A resolution planning capability identified by the Agencies, which represents the ability to estimate and maintain sufficient available liquidity for Material Entities, while taking into account resolution considerations and inter-affiliate frictions, including ring-fencing
Resolution Liquidity Execution Need	RLEN	A resolution planning capability identified by the Agencies, which represents the methodology for estimating the liquidity needed after the MS Parent's bankruptcy filing to stabilize the surviving Material Entities and to allow those entities to operate post-filing

TERM	ACRONYM	DEFINITION
Resolution Strategy		The Firm's resolution strategy under which MS Parent files for bankruptcy and its Material Entitles are sold or wound down
Resolution Trigger		Indicates MS Parent's bankruptcy filing while Material Entities remain solvent
Resolvability		A Firm is resolvable if it is feasible and credible that it can be resolved without excessive disruption to the financial system or interruption to the provision of Critical Functions
Risk Weighted Assets	RWAs	
RRP Materiality Assessment		Recovery and Resolution Planning Materiality Assessment
RRP Steering Committee		Committee that maintains sufficiency of the process used to develop the Firm's Recovery and Resolution Plans, including the allocation of responsibilities over the various components of the Plans, monitors progress of related remediation projects and enhancement activities, approves the Recovery Plan and recommends it for approval to the MS Parent Board, receives briefings on key Plan content, performs review and challenge of sections of Recovery and Resolution Plans, serves as the primary escalation point throughout the planning process and formally approves the Plan, and provides oversight of certain resolution-related policies
Runway		Stage 4 of the Firm's stress continuum, prompting continuation of actions required in the Recovery Period, activation of FSS Command and execution of resolution preparatory actions
Runway Trigger		A trigger that indicates the Firm is transitioning to the pre-resolution Runway
Securities and Exchange Commission	SEC	
Security Agreement		Agreement creating perfected security interests in assets of MS Parent and the Funding IHC that could be contributed to the Material Entities
Senior Management		Refers broadly to direct reports of the Chairman and Chief Executive Officer of the Firm
Service Level Agreement	SLA	A contract between a service provider and a service recipient that defines the service expected from the service provider and the pricing and/or any other consideration provided by the service recipient
Service Taxonomy		Describes the nature of services being provided between a service provider and receiver
Single Point of Entry	SPOE	A resolution strategy that involves rapidly recapitalizing the material entities of a top-tier bank holding company prior to the top-tier bank holding company's failure and its commencement of Chapter 11 proceedings. The material entities would then either (i) be transferred to a newly created holding company owned by a trust for the sole and exclusive benefit of the bankrupt top-tier holding company's creditors or (ii) remain under the bankrupt top-tier holding company as debtor-in possession. The Resolution Strategy contemplates the latter
Single Supervisory Mechanism	SSM	
Stabilization Period		Refers to the first portion of the Resolution Period during which PB customers are requesting transfer of their assets to third-party providers and the Firm processes such transfers
Standardized Approach		Calculation of RWA using prescribed risk weights
Strategic Warehouse of Operational Relationship Data	SWORD	Repository used to manage and maintain the Firm's Operational Mapping data
Support Agreement		The Firm's Amended and Restated Support and Subordination Agreement

TERM	ACRONYM	DEFINITION
Support Agreement Framework		Underpins the Resolution Strategy, whereby MS Parent is contractually obligated to provide the Funding IHC with resources during BAU, and MS Parent and/or the Funding IHC are contractually obligated to downstream financial support upon clearly defined triggers to Material Entities and certain other supported entities, thereby enabling Material Entities to have sufficient capital and liquidity to execute the Resolution Strategy
Support and Control Function	SCF	Non-revenue generating organizations that facilitate the Firm's BU activities
Three Pillars of Resolution Planning		Refers to Legal Framework, Financial Adequacy and Operational Continuity
Total Loss Absorbing Capacity	TLAC	
Transitional Services Agreement	TSA	Contract between two parties in a divestiture that provides essential services in a variety of functional areas for the business in transition following its legal separation from the seller
Trigger and Escalation Framework		Indicates when the Firm is transitioning from each period in the stress continuum and identifies required actions, including escalation to senior management and Boards to facilitate timely decision making
UK Prudential Regulation Authority	PRA	A UK regulatory agency created as a part of the Bank of England by the Financial Services Act of 2012
U.S. Bank Subsidiaries		Refers collectively to MSBNA and MSPBNA
Wealth Management	WM	Segment of the Firm that provides investment solutions designed to accommodate individual investment objectives, risk tolerance and liquidity needs
WM Sale Package		Refers to the in-scope business and functional capabilities of WM, including key business processes, personnel, systems, applications, vendors, facilities and intellectual property that would be included within the sale in a resolution scenario