

Morgan Stanley

SYSC 4.3A.11 Disclosure – March 2015

Rule SYSC 4.3A.11 R in the Senior Management Arrangements, Systems and Controls sourcebook (“SYSC”) issued by the Prudential Regulation Authority and the Financial Conduct Authority requires relevant firms that maintain a website to explain on the website how they comply with the requirements of SYSC 4.3A.1 R to SYSC 4.3A.3 R and SYSC 4.3A.4 R to SYSC 4.3A.11 R.

Morgan Stanley International Limited (“MSI”) is a holding company of the Morgan Stanley UK group including, in particular, the UK regulated entities Morgan Stanley International & Co. plc (“MSIP”), Morgan Stanley Securities Ltd (“MSSL”), Morgan Stanley Bank International Limited (“MSBIL”) and Morgan Stanley Investment Management Limited (“MSIM”) (each, a “Company” and, together, the “Companies”). In the paragraphs below, reference to a “Board” is to the respective Board of each of the Companies.

The Board

The Board is the principal decision-maker for the Company and has overall responsibility for management of the business and affairs of the Company. The Board is responsible for oversight of the Company’s strategic objectives, risk strategy, governance arrangements, and financial and non-financial systems and controls.

The Board is structured such that the directors bring to the Company a balance of skills, knowledge and experience. The non-executive directors combine broad experience with independent and objective judgement and they provide independent challenge to the executive directors and executive management.

Both executive directors and non-executive directors are required to commit sufficient time to perform their functions, and are subject to limitations on the number and type of directorships that they may hold, in order to ensure that they do not hold more than is appropriate or otherwise permissible. New directors go through an induction programme, and all directors are provided with ongoing training.

Day to day management of the Company’s business is delegated by the Board to executive management, including, in particular, the Chief Executive Officer of each of the Companies. The Board is responsible for oversight of members of executive management.

The roles of Chairman and Chief Executive Officer of each of the Companies are held by different individuals.

The Nomination & Governance Committee

The MSI Nomination & Governance Committee (“Nomco”) is appointed by the Board of MSI to assist and provide guidance to the Boards of each of MSI, MSIP, MSSL and MSBIL. Nomco has direct access to executive management, and may obtain (at Morgan Stanley’s expense) such internal or external expert advice as it reasonably deems necessary or appropriate. Nomco comprises solely non-executive directors.

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Morgan Stanley recognises the importance and benefits of diversity both within business operations and at board level. To that end, Nomco has adopted a policy promoting board diversity, including in relation to the representation of women.

Nomco's responsibilities are set out in its terms of reference and include:

- Identifying, and recommending for approval, candidates to fill Board or Committee vacancies, with due regard to ensuring a broad range of knowledge, skills, diversity and experience on the Boards and Committees;
- Preparing descriptions of roles and capabilities for a particular appointment and assessing the time commitment required;
- Assessing the structure, size, composition, performance and effectiveness of the Boards and Committees and making recommendations as appropriate;
- Assessing the knowledge, skills and experience of individual members of the Boards, and reporting this to the relevant Board; and
- Reviewing policies for the selection and appointment of senior management and making recommendations as appropriate.

In fulfilling the responsibilities set out above, Nomco takes into account the factors set out in SYSC 4.3A.9 R.