Article 450 of CRR Disclosure

Remuneration Policy

Morgan Stanley International Limited | As at 31 December 2017

This Remuneration Policy (the "Policy") sets out the principles relating to compensation within Morgan Stanley International Limited and its subsidiaries (together, the "Group"). Some of the policies, practices and procedures outlined in the Policy apply globally to Morgan Stanley, its subsidiaries and affiliates. The policy covers the Group's obligations under, but not limited to, the Capital Requirements Directive ("CRD IV"), Capital Requirements Regulation ("CRR"), the Alternative Investment Fund Managers Directive ("AIFMD") and/or the Undertakings for Collective Investment in Transferable Securities Directive V ("UCITS V"), the Markets in Financial Instruments Directive II ("MiFID II") and any associated regulations and guidance, including from the European Banking Authority ("EBA"), the European Securities and Markets Authority ("ESMA"), the Prudential Regulation Authority ("PRA") and the Financial Conduct Authority ("FCA") (together the "Remuneration Rules").

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1. Remuneration Policy Disclosures for Year Ended December 31, 2017

Morgan Stanley, together with its subsidiaries and affiliates (the Company) is committed to a responsible and effective compensation program that is aligned to shareholders and Company strategy, and is motivating, competitive, and reflects current best practices in corporate governance, risk management and regulatory principles.

2. Categories of staff whose professional activities have a material impact on the Company's risk profile and compliance with the UK Remuneration Rules

The information outlined in this disclosure provides an overview of Morgan Stanley's compliance with the Financial Conduct Authority's (FCA) Dual-Regulated Firms Remuneration Code set out in the FCA's Senior Management Arrangements, Systems and Controls (SYSC) at SYSC 19D, and the Prudential Regulation Authority (PRA) Rulebook (Remuneration Part) (together the "Remuneration Rules") and relates primarily to senior management and other employees whose professional activities have a material impact on the risk profile of the Company in the UK and global subsidiaries and branches of the UK regulated entities, as required in SYSC 19D.3.13, Rule 7.5 of the PRA Rulebook (Remuneration Part), and Article 450 of the CRR.

In compliance with the European Banking Authority (EBA) Regulatory Technical Standards' (RTS) definition of 'material risk takers' for remuneration purposes ((EU) No 604/2014), the following criteria are used in the determination of employees that are subject to the full requirements of the Remuneration Rules, known as "Code Staff" (references to Articles in this paragraph are to those in the RTS): Roles identified under qualitative criteria (Article 3) include Directors of the main UK Boards (Article 3(1)), Non-Executive Directors (Article 3(2)), Voting Members of the EMEA Operating Committee and EMEA Risk Committee, and employees that hold Significant Influence Function roles (Article 3(3)), EMEA Heads of Control Functions (Article 3(4) and Article 3(9)), In-Business Risk Managers (Article 3(5)), Heads of Material Business Units (Article 3(6)), direct reports with managerial responsibility of those identified in Article 3(4) and Article 3(5) (Article 3(7)), direct reports who have material delegated or stand in responsibility of those identified in Article 3(6) (Article 3(8)), members of the EMEA Risk Committee and other committees with risk management responsibilities (Article 3(10)), Managers within Credit and Market Risk, Trading Desk Heads and any Trader with responsibility for risk exposures over prescribed thresholds set out in the RTS (Article 3(11) and Article 3(12)), all Managing Director Traders (not already identified under Article 3(11) or Article 3(12)) (Article 3(13)), employees with New Product Approval (NPA) authority (Article 3(14)), and any manager of employees identified under Article 3(1) through to Article 3(14) (Article 3(15)). Many employees are identified under multiple qualitative criteria.

With regard to the quantitative criteria, employees are identified by the quantitative thresholds outlined in Article 4 of the RTS. We sought and received approval from the Group's regulators to exclude, as Code Staff, employees who met the quantitative threshold but have no material impact on the risk profile of a Material Business Unit through their professional activities (as outlined in SYSC 19D.3.5 and Rule 3.2 of the PRA Rulebook (Remuneration Part)), and employees who only carry out professional activities and have authority in a Non-Material Business Unit. In 2017, there were no significant changes in the numbers of MRTs that the Group identified compared with 2016.

In 2017, the Human Resources department continued to review the way in which the Company monitors and manages the composition of employees, including newly hired employees, considered Code Staff throughout the year through reviews with Control Function Heads, senior management and Business Unit Heads. There is also on-going dialogue among Legal, Compliance, Risk Functions and Human Resources to analyse the population (e.g., whether changes in organizational or functional responsibilities or employees' individual risk profiles may warrant any change in Code Staff designations). In addition, the Company analyses risk capital thresholds in the overseas subsidiaries and branches within the Morgan Stanley UK Group to ascertain the material risk posed therein to ensure Code Staff representation where necessary.

3. Decision-making process used for determining the remuneration policy

3a. Composition and mandate of the EMEA Remuneration Oversight Committee (EROC), the UK Remuneration Committee, and the global Compensation, Management Development and Succession (CMDS) Committee

The EMEA Remuneration Oversight Committee (EROC) provides formal oversight of EMEA remuneration matters to ensure remuneration practices in EMEA are compliant with relevant UK and EU legislation and follow good practice standards. The EROC met nine times in 2017 and consisted of the EMEA Chief Executive Officer (CEO), the EMEA Deputy Head of Human Resources (HR), the EMEA Chief Finance Officer (CFO), the EMEA Chief Legal Officer (CLO), the International Head of Compliance, and the EMEA Chief Risk Officer. EROC certified compliance to regulatory requirements to the newly formed UK Remuneration Committee ("UK RemCo").

The UK RemCo was appointed by the MSI Board of Directors to oversee the design and implementation of the remuneration policies and practices applicable to the UK Group, including contributing to global policy development by the Global Compensation, Management Development and Succession Committee and to oversee compliance by the UK Group with applicable EU and UK remuneration rules, statements and guidance.

The global Remuneration Committee of Morgan Stanley is the Compensation, Management Development and Succession (CMDS) Committee of the Morgan Stanley Board of Directors (the Board). The CMDS Committee is comprised of four directors, including the independent Lead Director of the Board, all of whom are independent under the New York Stock Exchange listing standards and the independence requirements of the Company. In 2017, the CMDS Committee held 9 meetings. At December 31, 2017 the members were: Hutham Olayan (Chair), Erskine B. Bowles (independent Lead Director until September 1, 2017), Thomas H. Glocer (independent Lead Director effective September 1, 2017), Dennis M. Nally, and James Owens. Klaus Kleinfeld concluded service on the Board and CMDS Committee on April 21, 2017, Messrs. Nally and Glocer joined the CMDS Committee on September 1, 2017, and Mr. Bowles concluded service on the Board and CMDS Committee on February 1, 2018. The CMDS Committee operates under a written charter adopted by the Board, which is available on Morgan Stanley's website at http://www.morganstanley.com/about-us-governance/comchart.html.

The CMDS Committee regularly reviews (i) Company performance with respect to execution of long-term strategy and evaluates executive performance in light of such achievements; (ii) executive compensation strategy, including the competitive environment and the design and structure of the Company's compensation programs to ensure that they are consistent with and support our compensation objectives; and (iii) market trends and legislative and regulatory developments affecting compensation in the U.S. and globally.

3b. Role of the relevant stakeholders and external consultant

The CMDS Committee oversees the Company's incentive compensation arrangements to help ensure that such arrangements are consistent with the safety and soundness of the Company, do not encourage excessive risk-taking and are otherwise consistent with applicable related regulatory rules and guidance. The global Chief Risk Officer ("CRO") reviews the Company's incentive compensation arrangements from a risk perspective and reports his findings to the CMDS Committee at least annually. The CRO concluded that the Company's compensation programs for 2017 did not incentivize employees to take unnecessary or excessive risk and that the programs did not create risks that were reasonably likely to have a material adverse effect on the Company.

The CMDS Committee retains an independent compensation consultant and evaluates the independence of such consultant and other advisors as required by any applicable law, regulation and listing standard. The CMDS Committee's compensation consultant, Pay Governance, has been retained since October 2012 and has assisted the CMDS Committee in collecting and evaluating external market data regarding executive compensation and performance and advises the CMDS Committee on developing trends and best practices in executive compensation and equity and incentive plan design. In performing these services, Pay Governance met regularly with the CMDS Committee, including without management present. Pay Governance does not provide any other services to the Company or its executive officers. The Company has affirmatively determined that no conflict of interest has arisen in connection with the work of Pay Governance as compensation consultant for the CMDS Committee.

4. Link between pay and performance

Morgan Stanley's compensation programmes are underpinned by the Company's core values of Putting Clients First, Leading with Exceptional Ideas, Doing the Right Thing, and Giving Back. The Company's strategy promotes acting in a way that is consistent with our values, and robust governance processes, as described in section 3, monitor this execution.

The CMDS Committee and the Company continually evaluate the Company's compensation programs with a view toward balancing the following key objectives:

- **Deliver Pay for Sustainable Performance.**
  - Emphasize variable incentive compensation based on annual performance.
  - The amount of variable annual compensation is considered each year to appropriately reward annual achievement of the Company's financial and strategic objectives.
  - Balance the objectives of delivering returns for shareholders and providing appropriate rewards to motivate superior individual performance.

- **Align Compensation with Shareholders' Interests.**
  - Deliver a portion of incentive compensation in deferred awards that are subject to cancellation (malus) and clawback over a multi-year period.
  - Tie a portion of deferred compensation directly to the Company's stock price and encourage ownership by requiring senior executives to retain shares.
  - Ongoing shareholder engagement to understand shareholder views.

- **Attract and Retain Top Talent.**
  - Offer competitive pay levels to support the Company's objectives of continuing to attract and retain the most qualified employees in a highly competitive global environment for talent.
  - Structure incentive awards to include vesting, deferred payment, and cancellation and clawback provisions that retain employees and protect the Company's interests.

- **Mitigate Excessive Risk-taking.**
  - Structure and design compensation arrangements that do not incentivize unnecessary or excessive risk-taking that could have a material adverse effect on the Company.
  - Annually evaluate compensation programs from a risk perspective; review findings with CMDS Committee and independent compensation consultant.

Delivering a portion of deferred incentive compensation awards in the form of equity, links variable compensation to Company performance through the Company's stock price performance. Risk outcomes that result in a negative impact to the Company reduce the value of the equity, and the employee is subject to this decline in value through the deferral period. In addition to cancellation and clawback, there is a formal governance process to consider and determine ex-ante in year adjustments to individual variable annual incentive compensation.

Please refer to section 5 regarding employee eligibility to receive annual variable compensation, and also factors that compensation managers must consider when setting annual variable compensation.

5. Design characteristics of the Remuneration System

Compensation for the majority of employees is comprised of two key elements:

- Fixed compensation consisting of base salary and, for certain employees, a Role Based Allowance (RBA); and
- Discretionary variable annual incentive compensation that is based on a number of factors, including Company, Business Unit, and individual performance.

RBAs are considered to be fixed compensation because they meet the requirements of the relevant remuneration rules, are paid monthly in cash via payroll and are based on an assessment of the individual's roles and responsibilities.

The variable annual incentive compensation for Code Staff may be payable in upfront cash bonus, stock bonus awards and a mix of deferred cash-based and equity awards and, at a minimum, is structured to satisfy the following requirements of the FCA's Dual-Regulated Firms Remuneration Code, Principle 12 ('Remuneration Structures'), and Rule 15 of the PRA Rulebook (Remuneration Part) ('Remuneration Structures'):

- Ratio between the fixed and the variable components of total compensation does not exceed 1:2 (this is maximum allowed under the applicable law and regulations, and follows approval from Morgan Stanley International Holdings Inc. on 17 December 2013 (exercising 100% of the voting rights as the sole shareholder of Morgan Stanley International Limited), and was obtained in accordance with the applicable UK rules and regulations);
- 40% or 60% of variable annual incentive compensation to be deferred as follows:
    - Senior Managers (as defined under the UK Senior Managers Regime) have a minimum of a 7 year deferral, with vesting starting in year 3 on a pro rata basis between years 3 and 7.
    - Risk Managers (as defined in the PRA Policy Statement PRA PS12/15) have a minimum of a 5 year deferral, with vesting starting from year 1 on a pro rata basis.
    - All other Code Staff employees have a minimum of a 3 year deferral, with vesting starting from year 1 on a pro-rata basis.
- The deferred variable annual incentive compensation is in the form of 50% deferred equity awards, with the remaining 50% in the form of deferred cash-based awards;
- The remaining non-deferred variable annual incentive compensation is awarded 50% as stock bonus awards, with the remaining 50% as upfront cash bonus;
- Deferred equity awards are subject to a 12 month (6 months for Risk Managers who are not considered members of senior management, or who are not Senior Managers) post-vest sales restriction and stock bonus awards for all Code Staff deliver after 12 months; and
- Subject to local law, variable annual incentive compensation is subject to clawback for a period of up to 7 years from the date on which it is awarded, or in the case of Senior Managers who are the subject of an ongoing investigation, clawback can be extended to a period of 10 years.

Per the FCA's Dual-Regulated Firms Remuneration Code and PRA Rulebook (Remuneration Part), Code Staff whose (i) variable annual incentive compensation is no more than 33% of their total compensation, and (ii) total compensation is no more than £500,000 (or the local currency equivalent) are not subject to the full scope of Remuneration Rules. However, such Code Staff continue to be subject to the Company's deferral practices for the general employee population.

Proportionality is applied at an entity level for some parts of the Group. Remuneration practices for the Group are consistent with, and promote, sound and effective risk management.

The following table provides details of the principal variable annual incentive compensation elements for Code Staff in 2017, including the deferral policy and vesting criteria, which are all consistent with, and promote, sound and effective risk management. These elements apply to all Code Staff employees (unless they meet the defined criteria set by the regulator), and this includes Code Staff employees in the control functions and members of the management body in its management function.

CODE STAFF COMPENSATION ELEMENTS	DESCRIPTION AND OBJECTIVES	CANCELLATION (MALUS) AND CLAWBACK FEATURES*
a. Deferred Cash-Based Awards under the global Morgan Stanley Compensation Incentive Plan (MSCIP) or Investment Management Alignment Plan (IMAP)	The deferred cash-based awards provide a cash incentive with a rate of return based upon notional reference investments. The terms of deferred cash-based awards support retention objectives and mitigate excessive risk-taking. Awards are payable, and cancellation provisions lift, pro-rata over the 3, 5, or 7 (depending if the employee is a Senior Manager, a Risk Manager, or other Code Staff employee) years following grant.	All vested (but unpaid) and unvested awards will be cancelled in full or, in the case of (a)(iii) in full or in part, if any of the following events occur prior to the applicable scheduled distribution date: (a) the employee takes any action, or omits to take any action (including with respect to direct supervisory responsibilities), where such action or omission: i. causes a restatement of the Company's consolidated financial results; ii. constitutes a violation of the Company's Global Risk Management Principles, Policies and Standards (where prior authorization and approval of appropriate senior management was not obtained) whether such action results in a favourable or unfavourable impact to the Company's consolidated financial results; or
b. Equity Awards — Deferred Restricted Stock Units (RSUs) and Upfront Stock Bonus Awards under the global Equity Incentive Compensation Plan (EICP)	RSUs support retention objectives and link realized value to shareholder returns. The terms of RSUs serve to mitigate excessive risk-taking. RSUs convert to shares of Morgan Stanley common stock, and cancellation provisions lift, pro-rata over the 3, 5, or 7 (depending if the employee is a Senior Manager, a Risk Manager, or other Code Staff employee) years following grant. These RSU awards are subject to a 12 month sales restriction after vest (or 6 months for Risk Managers who are not members of the management body or members of senior management). These RSUs do not carry a dividend equivalent during the deferral period. An adjusted fair market value approach is used to determine the number of RSUs awarded to each Code Staff employee. Upfront stock bonus awards for all Code Staff employees vest after 6 months and deliver a further 6 months from this date.	iii. causes a loss in the current year on a trade or transaction originating in the current year or in any prior year for which revenue was recognized and which was a factor in the participant's award determination, and violated internal control policies that resulted from the employee's: 1. violation of business unit, product or desk specific risk parameters; 2. use of an incorrect valuation model, method, or inputs for transactions subject to the "STAR" approval process; 3. failure to perform appropriate due diligence prior to a trade or transaction or failure to provide critical information known at the time of the transaction that might negatively affect the valuation of the transaction; 4. failure to timely monitor or escalate to management a loss position pursuant to applicable policies and procedures; or (b) the Company and/or relevant business unit suffers a material downturn in its financial performance or the Company and/or relevant business unit suffers a material failure of risk management. Furthermore, awards are subject to cancellation for competition, cause (i.e., any act or omission that constitutes a breach of obligation to the Company, including failure to comply with internal compliance, ethics or risk management standards and failure or refusal to perform duties satisfactorily, including supervisory and management duties), disclosure of proprietary information and solicitation of employees or clients. Awards granted to members of the Company's Operating Committee are also subject to clawback if the CMDS Committee determines that the Operating Committee member had significant responsibility for a material adverse outcome for the Company or any of its businesses or functions. Any shares or amounts distributed in respect of variable incentive compensation awards are subject to repayment, recovery and recapture pursuant to the Morgan Stanley Code Staff Clawback Policy, as amended from time to time, and any applicable clawback, repayment, recapture or recovery requirements imposed under applicable laws, rules and regulations.
c. Cash Bonus	Paying a portion of compensation in upfront cash bonus is aligned with competitive pay approaches.	Any cash bonus is subject to repayment, recovery and recapture pursuant to the Morgan Stanley Code Staff Clawback Policy, as amended from time to time, and any applicable clawback, repayment, recapture or recovery requirements imposed under applicable laws, rules and regulations.

* In addition to cancellation and clawback (referenced above), the Company may also decide to make ex-ante in year adjustments to individual variable annual incentive compensation.

The Company expects deferred incentive awards to constitute a significant component of employees' total compensation and to be designed to protect the Company's long term interests and align with shareholders' interests. Notwithstanding this, our 'pay for performance' philosophy means that where a variable award is not appropriate, none will be paid and every year a proportion of our eligible population receives no variable remuneration.

Members of the Company's Operating Committee are subject to an Equity Ownership Commitment. As part of this, Operating Committee members are required to hold common stock and equity awards equal to a percentage of common stock received from equity awards (less allowances for the payment of any option exercise price and taxes) granted to them for service on the Operating Committee (Equity Award Shares).

Compensation decisions for employees in our independent control functions are determined by senior management of those divisions, wholly independent of the business areas. The senior management of each control function allocates variable compensation among managers who then allocate among individual employees, taking into account the results of the performance evaluation process, competitive rates of pay, market conditions and relative performance.

Guaranteed variable compensation was only paid in 2017 in exceptional circumstances in the context of hiring new staff and is limited to the first year of service. The awarding of guaranteed variable compensation is subject to an approval process, which includes receiving approval from the appropriate Senior Manager, the EMEA Head of Compensation, and in certain circumstances the global Chief Human Resources Officer.

Termination payments made to some employees on leaving the Group are reviewed in accordance with the Group's severance framework, which complies with the relevant remuneration rules.

5a. Risk Adjustment

The Company continues to monitor the effectiveness of its compensation structure and evaluate whether it achieves balanced risk-taking and has a thorough process of considering risk-adjusted performance, compliance with risk limits and the market and competitive environment when sizing and allocating annual incentive compensation pools.

The Company's independent control functions take part in a formalized review process for identifying and evaluating situations occurring throughout the course of the year that could require explicit ex-post adjustment, such as cancellation or clawback of previously awarded compensation as well as ex-ante adjustments to current year compensation. This process is enhanced by a formalized EMEA malus review process as part of the EROC governance. This process involves EROC assessing situations which may warrant adjustment to current year variable compensation and/or to apply cancellation and/or clawback, with reference to specific criteria that are contained in governing incentive compensation award documents and applicable policies.

All variable compensation for Code Staff have provisions that allow for clawback of any awards or compensation paid or delivered. The Operating Committee cancellation provision allows for Operating Committee deferred equity and deferred cash awards to be cancelled in full or in part prior to distribution at the sole discretion of the CMDS Committee if the Operating Committee member had significant responsibility for a material adverse outcome for the Company or any of its businesses or functions.

5b. Performance Measurement

Performance measurement for year-end compensation for each employee is subject to a multi-dimensional process, which considers amongst other factors, individual, Company and business segment performance. This takes into account financial as well as non-financial performance metrics. In order to maintain a fully flexible remuneration policy, including the possibility to pay no year-end discretionary compensation, pre-established Company performance priorities at the individual employee level are non-formulaic in nature, do not require specific financial performance targets to be met prior to the awarding of compensation, and are not assigned any specific weighting. The Company has a Global Incentive Compensation Discretion Policy that sets forth standards for exercise of managerial discretion in year-end discretionary compensation decisions. The policy specifically provides that all managers must consider whether an employee managed risk appropriately and effectively managed and supervised the risk control practices of his or her employee reports during the performance year. Managers are trained on these requirements annually and are required to certify compliance with the applicable requirements. In addition, conduct, culture, and core values must be considered in the year-end performance evaluation process by considering whether the employee performed their job responsibilities in ways consistent with our culture and core values. The year-end performance and compensation processes provide managers with an Employee Performance Dashboard, which is an aggregation of performance inputs in the areas of Risk Management, Conduct and Control. Performance inputs from the Performance Evaluation system and the Employee Performance Dashboard are included in our compensation system to ensure these factors are taken into account in compensation decisions.

6. Ratios between fixed and variable remuneration set in accordance with Article 94(1)(g) of Directive 2013/36/EU (CRD IV)

Morgan Stanley's policy on ratios between fixed and variable compensation is to allow for flexibility, whilst recognizing the need to ensure that levels of compensation are appropriately balanced between fixed, short- and long-term variable incentive compensation. Morgan Stanley International Holdings Inc., as the sole shareholder of Morgan Stanley International Limited (the senior UK holding company), approved a ratio of 1:2 of fixed compensation to variable compensation for Code Staff in the EU businesses with effect from 17 December 2013 in accordance with SYSC 19D.3.49 and Rule 15.10 of the PRA Rulebook (Remuneration Part). The ratio approved is the maximum allowed under CRD IV.

7. Performance criteria on which the entitlement to variable compensation is based

The Global Incentive Compensation Discretion Policy, noted above at 5b, also provides guidelines to help ensure that annual incentive compensation decisions take relevant factors into consideration, including actual and potential risks to the Company that the employee may be able to control or influence. The policy specifically provides that all compensation managers must consider whether or not an employee managed risk appropriately and effectively managed and supervised the risk control practices of his or her employee reports during the performance year. Compensation managers are required to certify that they have followed the requirements of Company policies and escalated situations potentially requiring attention for possible cancellations or clawback.

Other performance criteria that may be taken into account in deciding whether to award variable compensation and the amount to award includes: business and market conditions, absolute and relative individual performance, conduct, adherence to the Company's Code of Conduct and policies, performance feedback elicited through the performance evaluation processes including that provided by control function personnel, any discipline administered to the employee, and contribution to the performance and profitability of both the business unit and the Company. Pursuant to the Company's Global Incentive Compensation Discretion Policy, in order to be eligible for any annual incentive compensation, the individual also must remain an active employee performing duties on behalf of the Company, who has not given or been given notice of termination at the time the annual incentive compensation is communicated across the Company to the eligible population of employees.

8. Main parameters and rationale for any variable component scheme and any other non-cash benefits

Employees who reach a certain compensation eligibility threshold receive a portion of their variable annual incentive compensation in the form of deferred incentive compensation awards. In 2017 and in general over the years (and also as a result of following the Remuneration Rules), as an eligible employee's compensation and responsibilities increase, a greater percentage of his or her annual incentive compensation is delivered as deferred incentive compensation awards, rather than as an upfront cash bonus.

The mix of deferred cash-based awards and deferred equity awards is determined based on a variety of factors, including the number of shares available for grant under the Company's equity plans and, for Code Staff, ensuring compliance with the Remuneration Rules requirements that at least 50% of any variable remuneration consists of an appropriate balance of shares or share linked instruments. Delivering a portion of deferred incentive compensation awards in the form of equity, links variable compensation to Company performance through the Company's stock price performance. In addition, risk outcomes that result in a negative impact to the Company reduce the value of the equity, and the employee is subject to this decline in value through the deferral period.

In 2017, the Company continued to include cancellation provisions that apply to a broad scope of employee behaviour in all deferred incentive compensation awards. Awards granted to members of the Company's Operating Committee are also subject to cancellation if the CMDS Committee determines that the Operating Committee member had significant responsibility for a material adverse outcome for the Company or any of its businesses or functions. In addition, from 1 January 2015, awards of variable annual incentive compensation made to the Company's identified Code Staff are subject to clawback requirements in those jurisdictions where it is legally enforceable, per the Morgan Stanley Code Staff Clawback Policy.

Morgan Stanley believes that its compensation decisions for 2017 demonstrate its focus on long-term profitability and commitment to sustainable shareholder value with appropriate rewards to retain and motivate top talent throughout economic cycles.

For the avoidance of doubt, RBAs are considered fixed compensation, and can be removed if an employee's role changes or in the case of regulatory change.

9. Aggregate quantitative information on remuneration, broken down by business area

The following tables set out aggregate quantitative information on remuneration of Code Staff who are employed by, or are seconded to, the following Morgan Stanley entities that were subject to the Remuneration Code in 2017:

- Morgan Stanley & Co. International plc
- Morgan Stanley International Incorporated
- Morgan Stanley Bank International Limited
- Morgan Stanley Investment Management Limited
- Morgan Stanley UK Limited
- OOO Morgan Stanley Bank

	INSTITUTIONAL SECURITIES GROUP	NON-INSTITUTIONAL SECURITIES GROUP [1]
Aggregate Remuneration (GBP millions)	393.1	134.0

[1] Group includes Company functions, Investment Management, Operations and Technology.

10. Aggregate quantitative information on remuneration, broken down by senior management and members of staff whose actions have a material impact on the risk profile of the institution, indicating the following:

10a. Amounts of remuneration for financial year 2017, split into fixed and variable remuneration, and the number of beneficiaries

		MANAGEMENT BODY		OTHERS	
	SENIOR MANAGEMENT	MANAGEMENT FUNCTION	SUPERVISORY FUNCTION	INSTITUTIONAL SECURITIES GROUP	NON-INSTITUTIONAL SECURITIES GROUP
Number of Beneficiaries (Code Staff)	17	11	8	322	88
Fixed Remuneration (GBP millions)	16.2	13.8	1.6	174.1	27.3
Variable Remuneration (GBP millions)[1]	19.8	16.5	0.2	178.8	78.8

[1] Variable Remuneration awarded for performance year 2017 contained deferred equity incentives, including restricted stock units, plus deferred cash incentives.

10b. Amounts and forms of variable remuneration for 2017, split into cash, shares, share-linked instruments and other types

		MANAGEMENT BODY		OTHERS	
	SENIOR MANAGEMENT	MANAGEMENT FUNCTION	SUPERVISORY FUNCTION	INSTITUTIONAL SECURITIES GROUP	NON-INSTITUTIONAL SECURITIES GROUP
Cash (GBP millions)	3.0	3.0	0.05	38.0	44.5
Deferred Cash (GBP millions)	7.0	6.1	0.03	51.9	26.3
Deferred Stock (GBP millions)	9.9	7.4	0.08	88.8	7.9

10c. Amounts of outstanding deferred remuneration, split into vested and unvested portions

	MANAGEMENT BODY			OTHERS	
	SENIOR MANAGEMENT	MANAGEMENT FUNCTION	SUPERVISORY FUNCTION	INSTITUTIONAL SECURITIES GROUP	NON-INSTITUTIONAL SECURITIES GROUP
Vested at Year End 2017[1] (GBP millions)	2.2	0.63	0.29	16.8	0.7
Unvested at Year End 2017[2] (GBP millions)	33.4	28.91	0.53	236.2	65.3

[1] Vested deferred equity and cash-based incentives awarded during and prior to performance year 2017.

[2] Unvested deferred equity and cash-based incentives awarded during and prior to performance year 2017 and unvested at 31 December 2017.

10d. Amounts of deferred remuneration awarded during the financial year 2017, paid out, and reduced through performance adjustments

	MANAGEMENT BODY			OTHERS	
	SENIOR MANAGEMENT	MANAGEMENT FUNCTION	SUPERVISORY FUNCTION	INSTITUTIONAL SECURITIES GROUP	NON-INSTITUTIONAL SECURITIES GROUP
Awarded (GBP millions)	16.9	13.49	0.11	140.7	34.3
Paid Out from Prior Years[1] (GBP millions)	20.8	17.11	0.66	171.4	22.1
Reduced from Prior Years (GBP millions)	0.1	-	-	11.5	0.3

[1] Deferred equity and cash-based incentives paid in 2017.

10e. New sign-on payments[1] made during the financial year 2017, and the number of beneficiaries of those payments

	MANAGEMENT BODY			OTHERS	
	SENIOR MANAGEMENT	MANAGEMENT FUNCTION	SUPERVISORY FUNCTION	INSTITUTIONAL SECURITIES GROUP	NON-INSTITUTIONAL SECURITIES GROUP
Number of beneficiaries	-	-	-	3	3
Total amount (GBP millions)	-	-	-	1.8	2.1

[1] Guaranteed variable awards granted to new hires and limited to their first year of service.

10f. Amounts of severance payments awarded during the financial year 2017, number of beneficiaries and highest such award to a single person

	MANAGEMENT BODY			OTHERS	
	SENIOR MANAGEMENT	MANAGEMENT FUNCTION	SUPERVISORY FUNCTION	INSTITUTIONAL SECURITIES GROUP	NON-INSTITUTIONAL SECURITIES GROUP
Severance payments awarded in 2017 (GBP Millions)	0.7	-	-	1.8	-
Number of beneficiaries	2	-	-	11	-
Highest such award to a single person (GBP Millions)	0.6	-	-	0.4	-

10g. The number of individuals being remunerated EUR 1 million or more per financial year, broken down into pay bands of EUR 500,000 for remuneration between EUR 1 million and EUR 5 million, and EUR 1 million pay bands for remuneration between EUR 5 million and EUR 7 million, and aggregated for remuneration of EUR 7 million and above

REMUNERATION (EUR millions)	NUMBER OF INDIVIDUALS
Over €1mm and up to €1.5mm	92
Over €1.5mm and up to €2mm	56
Over €2mm and up to €2.5mm	16
Over €2.5mm and up to €3mm	17
Over €3mm and up to €3.5mm	7
Over €3.5mm and up to €4mm	5
Over €4mm and up to €4.5mm	2
Over €4.5mm and up to €5mm	3
Over €5mm and up to €6mm	3
Over €6mm and up to €7mm	2
Over €7mm	7

11. Quantitative information outlined in section 10, at the level of members of the management body

See disclosures in tables above.

This document represents the annual Remuneration Disclosure of Morgan Stanley International Limited and its subsidiaries (the MSI Group), as required under the Capital Requirements Regulations (CRR). The annual public Pillar III qualitative and quantitative disclosures are published separately and can be found at http://www.morganstanley.com/about-us-ir/pillar-uk.html.