

# **Morgan Stanley International Limited Group**

**Pillar 3 Regulatory Disclosure Report**

**As at 30 June 2024**

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## 1. Overview and Key Metrics

The principal activity of Morgan Stanley International Limited (“MSI”) together with its subsidiaries (the “MSI Group”) is the provision of financial services to corporations, governments and financial institutions. There have not been any significant changes in the MSI Group’s principal activities during the second quarter of 2024 and no significant change is expected.

As at 30 June 2024, Morgan Stanley & Co. International plc (“MSIP”) and Morgan Stanley Europe SE (“MSESE”) are considered large subsidiaries within the MSI Group. MSIP is authorised by the Prudential Regulation Authority (“PRA”) and regulated by the PRA and Financial Conduct Authority (“FCA”). MSESE and the Morgan Stanley Europe Holding SE Group (“MSEHSE Group”), of which MSESE is a subsidiary, are under the direct supervision of the European Central Bank (“ECB”) under the Single Supervisory Mechanism.

The Pillar 3 disclosures as at 30 June 2024 are prepared on the basis of the consolidated situation of the MSI Group. In addition, certain disclosures are required for MSIP and MSESE as large non-listed subsidiaries of MSI Group. MSESE is able to meet its capital requirements by incorporating its subsidiary Morgan Stanley Bank AG (“MSESE Consol”). As a result, MSESE Consol is considered the large subsidiary for disclosure purposes.

### Directors Responsibility Statement

I confirm that I have taken all reasonable measures to ensure that the information included in this disclosure complies to the best of my knowledge with section 4 of the PRA rulebook on Disclosure (CRR) and has been prepared in accordance with established formal policies and internal processes, systems and control.

Anthony Mullineaux

Chief Financial Officer

Morgan Stanley International Limited

## Key Metrics

Table 1: Key metrics (UK KM1) – MSI Group

\$MM		a	b	c	d	e
MSI Group <sup>1</sup>		Q2'24	Q1'24	Q4'23	Q3'23	Q2'23
<b>Available own funds</b>						
1	Common Equity Tier 1 (“CET1”) capital	25,598		24,898		24,550
2	Tier 1 (“T1”) capital	29,898		29,198		28,850
3	Total capital	36,595		35,892		35,591
<b>Risk-weighted exposure amounts</b>						
4	Total risk-weighted exposure amount	161,582		155,523		164,871
<b>Capital ratios (as a percentage of risk-weighted exposure amount)</b>						
5	Common Equity Tier 1 ratio (%)	15.84%		16.01%		14.89%
6	Tier 1 ratio (%)	18.50%		18.77%		17.50%
7	Total capital ratio (%)	22.65%		23.08%		21.59%
<b>Additional own funds requirements based on Supervisory Review and Evaluation Process (“SREP”) (as a percentage of risk-weighted exposure amount)</b>						
UK 7a	Additional CET1 SREP requirements (%)	1.68%		1.68%		1.68%
UK 7b	Additional AT1 SREP requirements (%)	0.56%		0.56%		0.56%
UK 7c	Additional Tier 2 (“T2”) SREP requirements (%)	0.75%		0.75%		0.75%
UK 7d	Total SREP own funds requirements (%)	10.99%		10.99%		10.99%
<b>Combined buffer requirement (as a percentage of risk-weighted exposure amount)</b>						
8	Capital conservation buffer (%)	2.50%		2.50%		2.50%
UK 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	-		-		-
9	Institution specific countercyclical capital buffer (%)	0.68%		0.62%		0.39%
UK 9a	Systemic risk buffer (%)	-		-		-
10	Global Systemically Important Institution buffer (%)	-		-		-
UK 10a	Other Systemically Important Institution buffer	-		-		-
11	Combined buffer requirement (%)	3.18%		3.12%		2.89%
UK 11a	Overall capital requirements (%)	14.17%		14.11%		13.88%
12	CET1 available after meeting the total SREP own funds requirements (%)	9.66%		9.83%		8.71%
<b>Leverage ratio</b>						
13	Total exposure measure excluding claims on central banks	498,582	499,409	477,649	470,568	463,515
14	Leverage ratio excluding claims on central banks (%)	6.00%	5.85%	6.11%	6.11%	6.22%
<b>Additional leverage ratio disclosure requirements</b>						
14a	Fully loaded ECL accounting model leverage ratio excluding claims on central banks (%)	6.00%	5.85%	6.11%	6.11%	6.22%
14b	Leverage ratio including claims on central banks (%)	5.82%	5.68%	5.94%	5.91%	6.00%
	Average total exposure measure including claims on central banks	521,951	499,378	486,950	490,057	498,524
	Average total exposure measure excluding claims on central banks	505,427	483,645	471,457	472,273	480,132
14c	Average leverage ratio excluding claims on central banks (%)	5.92%	6.04%	6.15%	6.10%	5.99%
14d	Average leverage ratio including claims on central banks (%)	5.73%	5.85%	5.96%	5.88%	5.77%
14e	Countercyclical leverage ratio buffer (%)	0.24%	0.23%	0.22%	0.19%	0.14%
<b>Liquidity Coverage Ratio</b>						
15	Total high-quality liquid assets (“HQLA”) (Weighted value - average)	51,391		54,419		55,988
UK 16a	Cash outflows - Total weighted value	82,382		84,795		85,210
UK 16b	Cash inflows - Total weighted value	55,011		55,462		54,399
16	Total net cash outflows (adjusted value)	27,371		29,333		30,811
17	Liquidity coverage ratio (%)	188.36%		186.11%		182.12%
<b>Net Stable Funding Ratio</b>						
18	Total available stable funding	120,831		117,468		112,644
19	Total required stable funding	106,768		102,047		97,293
20	NSFR ratio (%)	113.17%		115.12%		115.78%

1. The MSI Group is required to maintain a minimum ratio of own funds to Risk Weighted Exposure Amounts (“RWAs”). As at 30 June 2024, the MSI Group is in compliance with the PRA capital requirements.

Over the first half of 2024, MSI Group's total capital ratio has decreased largely due to an increase in RWAs largely driven by higher market risk due to portfolio changes, partially offset by an increase in total capital driven by the recognition of H2'23 profits.

Over the first half of 2024, the leverage ratio excluding claims on central banks decreased by 0.11% primarily due to an increase in leverage exposure driven by Securities Financing Transactions ("SFTs") and other on balance sheet exposures partially offset by an increase in T1 capital driven by the recognition of H2'23 profits.

The leverage ratio at quarter end was 0.08% higher than the average over the quarter, due to higher average exposures over the quarter driven by other on balance sheet exposures and derivatives.

The Liquidity Coverage Ratio ("LCR") of the MSI Group increased by 2.25% following decreased net cash outflows by \$1,962MM, partially offset by an increase in HQLA of \$3,028MM.

Net Stable Funding Ratio ("NSFR") of the MSI Group decreased by 1.95%, mainly due to an increase in Required Stable Funding ("RSF") of \$4,721MM, partially offset by an increase in Available Stable Funding ("ASF") of \$3,363MM.

## Basis of Consolidation

The MSI Group completes its prudential consolidation in compliance with the PRA rulebook, with all entities fully consolidated. The basis of consolidation for prudential purposes is materially the same as consolidation for accounting purposes.

This disclosure is prepared for the MSI Group, rather than on an individual basis for each regulated entity, as permissible under the PRA rulebook. As noted above, the most significant subsidiaries of the MSI Group are MSIP and MSESE Consol, the results of which are material to the MSI Group.

## Morgan Stanley Group

The MSI Group's ultimate parent undertaking and controlling entity is Morgan Stanley, a Delaware corporation which, together with its consolidated subsidiaries, form the Morgan Stanley Group. Morgan Stanley is a "Financial Holding Company" as defined by the Bank Holding Company Act of 1956, as amended, and is subject to regulation and oversight of the Board of Governors of the Federal Reserve System.

The MSI Group is a wholly owned sub-group of the Morgan Stanley Group. Whilst the MSI Group is a material sub-group, the information disclosed in this document is not necessarily indicative of the Morgan Stanley Group as a whole, nor is it comprehensively representative of the Morgan Stanley Group's activity in any particular region. Investors, stakeholders, creditors or other users seeking information on capital adequacy, liquidity, risk exposure and risk management policies should consult the public disclosures of Morgan Stanley Group.

Details of the latest Morgan Stanley Group Pillar 3 disclosure can be accessed at <http://www.morganstanley.com/about-us-ir/pillar-us>. Details of the latest Morgan Stanley Group LCR disclosure can be accessed at <https://www.morganstanley.com/about-us-ir/lcr-disclosures-us>.

Morgan Stanley is listed on the New York Stock Exchange and is required, by the US Securities and Exchange Commission ("SEC"), to file public disclosures, including Annual 10-K Report and Quarterly 10-Q Report. These can be accessed at <https://www.morganstanley.com/about-us-ir/sec-filings>.

## Additional Regulatory Supervision

As a provider of services to global clients, MSIP and MSESE, are conditionally registered with the SEC as a Securities-Based Swap Dealer ("SBSD"). Both MSIP and MSESE are complying with home country capital requirements in lieu of SEC capital requirements pursuant to applicable substituted compliance rules.

MSIP, MSESE and Morgan Stanley Bank International Limited ("MSBIL"), a non-material subsidiary of the MSI Group, are also registered with the Commodity Futures Trading Commission ("CFTC") as Swap Dealers ("SDs"). On 30 April 2024, the CFTC approved a final rule amending capital and financial reporting requirements for Bank SDs, with the rule becoming effective on 24 June 2024. In addition on 25 June 2024, the CFTC approved their substituted compliance rules for Non-U.S non-bank SDs, with the rules becoming effective on 18 July 2024 (with the exception of certain conditions to be effective 180 days later). As such MSBIL is now complying directly with the applicable Bank SD CFTC requirements and MSIP and MSESE are complying with the CFTC Non-U.S non-bank substituted compliance requirements. Prior to the finalisation of the Bank and Non-U.S non-bank SD requirements, the entities were operating pursuant to interim no-action relief letters.

These swap dealer registrations provide a comprehensive regulatory framework applicable to the MSI Group's US-related swap and SBSB activities.

## 2. Regulatory Frameworks

### 2.1 Regulatory Overview

The Basel Committee on Banking Supervision (“BCBS”) sets the Standard for international banking prudential regulation in a series of accords (“Basel Accords”). It is a forum for regular cooperation on the supervision of the banking system and is made up of national banks and supervisory authorities from 28 countries. The Basel Accords are not directly applicable legislation, and they apply only to internationally active banks. The Basel Accords have been updated a number of times, most recently through a series of reforms known collectively as Basel III.

The Basel Accords are implemented in the UK via the PRA Rulebook including retained European Union (“EU”) Law under the European Union (Withdrawal) Act 2018.

The Basel Accords are implemented in the EU through the Capital Requirements Regulation (“CRR”) and the Capital Requirements Directive (“CRD”) as well as standards issued by the European Banking Authority (“EBA”) and the ECB. These regulations and technical standards continue to be relevant for EU subsidiaries of the MSI Group.

The framework consists of three “Pillars”:

- Pillar 1 – Minimum capital and liquidity requirements: defines rules for the calculation of credit, market, operational and liquidity risk.
- Pillar 2 – Supervisory review process: including a requirement for firms to undertake an Internal Capital Adequacy Assessment Process (“ICAAP”) and Internal Liquidity Adequacy Assessment Process (“ILAAP”).
- Pillar 3 – Market discipline: requires expanded disclosures to allow investors and other market participants to understand capital and liquidity adequacy, particular risk exposures and risk management processes of individual firms.

#### Pillar 3 Disclosures

MSI Group Pillar 3 disclosures are prepared in accordance with the requirements of section 4 of the PRA Rulebook on Disclosure (CRR) applicable to CRR firms.

Further details on MSI Group and its large subsidiaries can be found in the annual Pillar 3 disclosure that can be accessed at: <https://www.morganstanley.com/about-us-ir/pillar-uk>.

Further details on the MSEHSE Group can be found in their Pillar 3 disclosures that can be accessed at: <https://www.morganstanley.com/about-us-ir/pillar-eu>.

### 2.2. Regulatory Developments

#### Finalising Basel III reforms

There are a number of remaining standards of the Basel III reform package (referred to as “Finalisation of Basel III”) that are yet to be implemented. These revisions cover RWA requirements for Credit, Market, Credit Valuation Adjustments (“CVA”) and Operational Risk.

The PRA issued their draft rules to implement these final standards, which are referred to as Basel 3.1, for consultation on 30 November 2022. Near final rules were then published in 2 phases on 12 December 2023 and 12 September 2024.

These rules will be effective from 1 January 2026 with no further material changes expected. The proposed rules are largely consistent with the Basel III reform package with some adjustments to address UK specificities.

In the EU, the proposed rules, referred to as CRR III and CRD VI, to implement the final elements of the Basel III reform package with some EU specific adjustments, were finalised and approved via the European legislative process by the European Parliament and the Council of the EU and are effective from 1 January 2025. This excludes the Fundamental Review of the Trading Book (“FRTB”) own funds requirements that have been postponed to 1 January 2026. These finalised rules include an increased focus on Environmental, Social and Governance (“ESG”) risks.

### **CRD VI Article 21c**

New rules amending the EU's Capital Requirements Directive (known as CRD VI) entered into force on 9 July 2024. CRD VI includes provisions which will restrict certain non-EU entities from providing core banking services, including lending, to EU investors. Whilst each EU Member State is required to transpose the Directive's minimum requirements into their national laws by 10 January 2026, these specific provisions will take effect from 11 January 2027. The MSEHSE Group is analysing and monitoring the impact of these changes.



### 3. Capital Management

The PRA reviews the MSI Group ICAAP through its SREP and sets a Total Capital Requirement (“TCR”), comprising Pillar 1 and Pillar 2A, which establishes the minimum level of regulatory capital for the MSI Group and MSIP. As at 30 June 2024, the MSI Group TCR was \$17.8Bn, equivalent to 10.99% of RWAs. Further detail on the make-up of the TCR and applicable Combined Buffer Requirement can be found in Key Metrics, Table 1. If required, the PRA also sets a buffer in addition to the Basel Combined Buffer Requirement, which is available to support the MSI Group in a stressed market environment.

### 4. Minimum Requirements for Own Funds and Eligible Liabilities

Material subsidiaries of a group that are not a UK resolution entity, such as MSI Group, are required to have sufficient own funds and eligible liabilities to meet internal Minimum Requirement for Own Funds and Eligible Liabilities (“MREL”).

These requirements are designed to enhance the resilience of the financial system by ensuring institutions have sufficient capital and eligible liabilities to absorb losses and recapitalise in resolution.

The minimum requirements are set at 2 x (Pillar 1 + Pillar 2A) of RWAs and 6.75% of leverage exposure. The Bank of England (“BoE”) scales MREL requirements at 75% for internal MREL purposes, but may increase this up to 90% if considered appropriate.

Morgan Stanley's preferred resolution strategy is a Single Point of Entry (“SPOE”) strategy. Further information on the resolution strategy can be found in Morgan Stanley Annual Reports on Form 10-K and Quarterly 10-Q Report as well as the Public Section of Morgan Stanley’s Title I resolution plan that can be accessed at <https://www.fdic.gov/resources/resolutions/resolution-authority/resplans/>.

The MSI Group MREL key metrics are provided in Table 1.

<b>\$MM</b>		
<b>MSI Group<sup>1</sup></b>	<b>Q2'24</b>	<b>Q1'24</b>
<b>MREL available</b>	<b>45,995</b>	<b>45,324</b>
<b>Total RWAs at the level of the resolution group</b>	<b>161,582</b>	<b>160,478</b>
MREL as a percentage of RWAs (row 1/row2) (%)	28.47%	28.24%
Leverage ratio exposure measure at the level of the resolution group	498,582	499,409
MREL at a percentage of leverage ratio exposures measure (row1/row4) (%)	9.23%	9.08%

1. As at 30 June 2024, the MSI Group is in compliance with the MREL requirements.

Over the second quarter of 2024, MSI Group’s MREL available increase is driven by an increase in CET1 driven by the recognition of H2’23 profits.

Table 3 provides details of the composition of the MSI Group's MREL.

<b>Table 3: MREL composition – MSI Group</b>	
<b>\$MM</b>	<b>MSI Group</b>
CET1 capital	25,598
AT1 capital before MREL adjustments	4,300
AT1 ineligible as MREL as issued out of subsidiaries to third parties	-
Other adjustments	0
AT1 instruments eligible under the MREL framework	4,300
T2 capital before MREL adjustments	6,697
Amortised portion of T2 instruments where remaining maturity >1 year	0
T2 Capital ineligible as MREL as issued out of subsidiaries to third parties	-
Other adjustments	-
T2 instruments eligible under the MREL framework	6,697
<b>MREL arising from regulatory capital</b>	<b>36,595</b>
MREL instruments subordinated to excluded liabilities	9,400
<b>MREL arising from non-regulatory capital instruments before adjustments</b>	<b>9,400</b>
<b>MREL before deductions</b>	<b>45,995</b>
Deduction of investments in own other MREL liabilities	-
Other adjustments to MREL	-
<b>MREL after deductions</b>	<b>45,995</b>
Total RWAs adjusted as permitted under the MREL regime	161,582
Leverage exposure measure	498,582
MREL (as a percentage of risk-weighted assets adjusted as permitted under the MREL regime)	28.47%
MREL (as a percentage of leverage exposure)	9.23%
CET1 capital (as a percentage of RWAs) available after meeting the resolution group's Minimum Capital Requirement ("MCR") and MREL requirement	9.66%
<b>Institution-specific buffer requirement</b>	<b>3.18%</b>
Of which: capital conservation buffer requirement	2.50%
Of which: bank specific countercyclical buffer requirement	0.68%
<b>Memorandum items</b>	
Total amount of excluded liabilities referred to in Article 72a(2) CRR II	480,831

Over the first half of 2024, MSI Group's MREL after deductions has increased primarily due to increases in CET1 driven by the recognition of H2'23 profits.

Table 4 provides a breakdown of eligible instruments in the creditor hierarchy of the MSI Group.

**Table 4: MREL creditor ranking – MSI Group**

\$MM	Creditor ranking				Total
	1 (most junior)	2	3	4 (most senior)	
MSI Group	Ordinary Shares <sup>1</sup>	AT1 Instruments	Subordinated loans	Senior Subordinated loans	
Description of creditor ranking					
<b>Total capital and liabilities</b>	<b>3,378</b>	<b>4,300</b>	<b>6,697</b>	<b>9,400</b>	<b>23,775</b>
Excluded liabilities <sup>2</sup>	-	-	-	-	-
Total capital and liabilities less excluded liabilities	3,378	4,300	6,697	9,400	23,775
Eligible as MREL	3,378	4,300	6,697	9,400	23,775
with 1 year ≤ residual maturity < 2 years	-	-	-	9,400	9,400
with 2 years ≤ residual maturity < 5 years	-	-	-	-	-
with 5 years ≤ residual maturity < 10 years	-	-	6,697	-	6,697
with residual maturity ≥ 10 years	-	-	-	-	-
perpetual securities	3,378	4,300	-	-	7,678

1. Ordinary Shares exclude the value of share premium and reserves.

2. As at 30 June 2024 MSI Group has no excluded liabilities as defined in CRR II Article 72a (2) that rank pari passu or junior to Minimum Requirements for own funds and Eligible Liabilities-eligible instruments.

Over the first half of 2024, MSI Group's MREL for creditor ranking primarily remains flat.

## 5. Leverage

The Basel III framework introduced a simple, transparent, non risk-based leverage ratio to act as a supplementary measure to the risk-based capital requirements. The Basel Committee is of the view that a simple leverage ratio framework is critical and complementary to the risk-based capital framework and that a credible leverage ratio ensures broad and adequate capture of both the on- and off-balance sheet sources of banks' leverage.

The MSI Group and MSIP are Leverage Ratio Requirements (“LREQ”) entities. Their leverage ratios as at 30 June 2024 exceed the PRA's T1<sup>1</sup> and CET1<sup>2</sup> minimum requirements that were applicable from 1 January 2023.

<b>Table 5: Leverage Ratio - MSI Group and MSIP</b>			
<b>\$MM</b>			
<b>MSI Group<sup>1</sup></b>		<b>a</b>	<b>b</b>
		<b>Q2'24</b>	<b>Q1'24</b>
<b>Capital and total exposure measure</b>			
23	Tier 1 capital (leverage)	29,898	29,229
UK-24b	Total exposure measure excluding claims on central banks	498,582	499,409
<b>Leverage ratio</b>			
25	Leverage ratio excluding claims on central banks (%)	6.00%	5.85%
UK-25a	Fully loaded ECL accounting model leverage ratio excluding claims on central banks (%)	6.00%	5.85%
UK-25b	Leverage ratio excluding central bank reserves as if the temporary treatment of unrealised gains and losses measured at fair value through other comprehensive income had not been applied (%)	6.00%	5.85%
UK-25c	Leverage ratio including claims on central banks (%)	5.82%	5.68%
<b>Additional leverage ratio disclosure requirements - leverage ratio buffers</b>			
27	Leverage ratio buffer (%)	0.24%	0.23%
UK-27b	Of which: countercyclical leverage ratio buffer (%)	0.24%	0.23%
<b>Additional leverage ratio disclosure requirements - disclosure of mean values</b>			
UK-31	Average total exposure measure including claims on central banks	521,951	499,378
UK-32	Average total exposure measure excluding claims on central banks	505,427	483,645
UK-33	Average leverage ratio including claims on central banks	5.73%	5.85%
UK-34	Average leverage ratio excluding claims on central banks	5.92%	6.04%
<b>MSIP</b>			
		<b>a</b>	<b>b</b>
		<b>Q2'24</b>	<b>Q1'24</b>
<b>Capital and total exposure measure</b>			
23	Tier 1 capital (leverage)	22,202	21,829
UK-24b	Total exposure measure excluding claims on central banks	438,317	439,801
<b>Leverage ratio</b>			
25	Leverage ratio excluding claims on central banks (%)	5.07%	4.96%
UK-25a	Fully loaded ECL accounting model leverage ratio excluding claims on central banks (%)	5.07%	4.96%
UK-25b	Leverage ratio excluding central bank reserves as if the temporary treatment of unrealised gains and losses measured at fair value through other comprehensive income had not been applied (%)	5.07%	4.96%
UK-25c	Leverage ratio including claims on central banks (%)	5.03%	4.93%
<b>Additional leverage ratio disclosure requirements - leverage ratio buffers</b>			
27	Leverage ratio buffer (%)	0.22%	0.22%
UK-27b	Of which: countercyclical leverage ratio buffer (%)	0.22%	0.22%
<b>Additional leverage ratio disclosure requirements - disclosure of mean values</b>			
UK-31	Average total exposure measure including claims on central banks	449,421	431,651
UK-32	Average total exposure measure excluding claims on central banks	446,215	428,069
UK-33	Average leverage ratio including claims on central banks	4.94%	5.05%
UK-34	Average leverage ratio excluding claims on central banks	4.97%	5.10%

Over the second quarter of 2024, MSI Group's leverage ratio excluding claims on central banks increased by 0.15% primarily due to an increase in T1 capital driven by the recognition of H2'23 profits. The average leverage ratio in excluding claims on central banks decreased over the quarter by 0.12% primarily due to a higher average leverage exposure driven by SFTs and other on balance sheet exposures partially offset by an increase in T1 capital driven by the recognition of H2'23 profits.

Over the second quarter of 2024, MSIP's leverage ratio excluding claims on central banks increased by 0.11% primarily due to an increase in T1 capital driven by the recognition of H2'23 profits. The average leverage ratio excluding claims on central banks decreased over the quarter by 0.13% due to a higher average leverage exposure in Q2'24 primarily driven by SFTs and other on balance sheet exposures partially offset by an increase in T1 capital driven by the recognition of H2'23 profits.

<sup>1</sup> A minimum leverage ratio of 3.25% is required.

<sup>2</sup> At least 75% of the firm's T1 capital must consist of CET1 capital. Additionally, the firm must maintain an additional countercyclical leverage ratio buffer of CET1 equal to 35% of its current Countercyclical Capital Buffer (“CCyB”) rate.

## 6. Appendix I: Capital Instruments &amp; Eligible Liabilities

Table 6: Capital instruments and eligible liabilities (UK CCA) - MSI Group

MSI Group <sup>1</sup>		a		b			c			d
Description		Common Equity Tier 1		Additional Tier 1			Subordinated Debt			Senior Subordinated Debt
1	Issuer	Morgan Stanley International Limited								
2	Unique Identifier	N/A								
2a	Public or private placement	Private								
3	Governing law(s) of the instrument	Companies Act 2006			English Law					
3a	Contractual recognition of write down and conversion powers of resolution authorities	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
4	Regulatory treatment									
4	Current treatment taking into account, where applicable, transitional CRR rules	Common Equity Tier 1			Additional Tier 1			Tier 2		Eligible Liability
5	Post-transitional CRR rules	Common Equity Tier 1			Additional Tier 1			Tier 2		Eligible Liability
6	Eligible at solo/(sub-)consolidated/ solo&(sub-)consolidated	(Sub-) Consolidated								
7	Instrument type (types to be specified by each jurisdiction)	Ordinary Shares		Perpetual Unsecured Securities			Subordinated Loan			Subordinated non-T2 Loan
8	Amount recognised in regulatory capital or eligible liabilities (Currency in million, as of most recent reporting date)	USD 3,417MM		USD 800MM	USD 1,300MM	USD 2,200MM	USD 2,499MM	USD 2,100MM	USD 2,098MM	USD 9,400MM
9	Nominal amount of instrument	N/A	N/A	USD 800MM	USD 1,300MM	USD 2,200MM	USD 2,500MM	USD 2,100MM	USD 2,100MM	USD 9,400MM
UK-9a	Issue Price	N/A	N/A	USD 800MM	USD 1,300MM	USD 2,200MM	USD 2,500MM	USD 2,100MM	USD 2,100MM	USD 9,400MM
UK-9b	Redemption Price	N/A	N/A	USD 800MM	USD 1,300MM	USD 2,200MM	USD 2,500MM	USD 2,100MM	USD 2,100MM	USD 9,400MM
10	Accounting Classification	Shareholders' Equity					Liability - amortised cost			
11	Original date of issuance	13/11/1998	18/06/1998	13/06/2022	25/11/2020	23/08/2018	13/06/2022	11/8/2021	15/12/2023	27/11/2018
12	Perpetual or dated	Perpetual					Dated			
13	Original maturity date	No maturity					13/06/2033	11/8/2032	15/12/2034	395 days from issuance
14	Issuer call subject to prior supervisory approval	N/A	N/A	Yes	Yes	Yes	Yes	Yes	Yes	N/A
15	Option call date, contingent call dates and redemption amount	N/A	N/A	From 30th November 5 years post issuance plus tax and regulatory calls at 100%			5 years post issuance at 100% plus tax and regulatory calls at 100%			N/A
16	Subsequent call dates, if applicable	N/A	N/A	Daily thereafter						N/A
17	Coupons / dividends									
17	Fixed or floating dividend / coupon	Floating			Fixed			Floating		
18	Coupon rate and any related index	N/A	N/A	7.4%	5.5%	7.5%	SOFR+2.34 %	SOFR + 1.44%	SOFR + 2.29%	Proxy <sup>2</sup>
19	Existence of a dividend stopper	No								
UK-20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Fully Discretionary					Mandatory			
UK-20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Fully Discretionary					Mandatory			
21	Existence of step up or other incentive to redeem	No								
22	Noncumulative or cumulative	Noncumulative					Cumulative			
23	Convertible or non-convertible	Nonconvertible								
24	If convertible, conversion trigger(s)	N/A								
25	If convertible, fully or partially	N/A								
26	If convertible, conversion rate	N/A								
27	If convertible, mandatory or optional conversion	N/A								
28	If convertible, specify instrument type convertible into	N/A								

MSI Group		a		b			c			d
Description		Common Equity Tier 1		Additional Tier 1			Subordinated Debt			Senior Subordinated Debt
29	If convertible, specify issuer of instrument it converts into					N/A				
30	Write-down features	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
31	If write-down, write-down trigger(s)	N/A	N/A	See below (A)			See below (B)			See below (C)
32	If write-down, full or partial	N/A	N/A	Full	Full	Full	Partial	Partial	Partial	Partial
33	If write-down, permanent or temporary	N/A	N/A	Permanent	Permanent	Permanent	Permanent	Permanent	Permanent	Permanent
34	If temporary write-down, description of write-up mechanism					N/A				
34a	Type of subordination (only for eligible liabilities)					N/A				Contractual
UK-34b	Ranking of the instrument in normal insolvency proceedings	Rank 1	Rank 1	Rank 2	Rank 2	Rank 2	Rank 3	Rank 3	Rank 3	Rank 4
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Perpetual Unsecured Securities		Subordinated Loan			Subordinated non-T2 Loan			Other Liabilities
36	Non-compliant transitioned features					No				
37	If yes, specify non-compliant features					N/A				
37a	Link to the full term and conditions of the instrument (signposting)			<a href="#">Link to full terms and conditions of Capital Instruments</a>						

- All capital instruments issued by the MSI Group are issued within Morgan Stanley and are not marketable instruments.
- Interest rate at which Morgan Stanley is offering loans, in the relevant currency, to members of the Morgan Stanley Group on such day, which counterparties have acknowledged and agreed to apply to any loan, acting on an arm's length basis

#### Details of write-down trigger(s) (Row 31)

(A) Additional Tier 1: Contractual write down if CET1 Capital Ratio of MSI Group falls below 7%. BoE as the UK Resolution Authority has the authority to trigger the write down of the instrument upon the exercise of statutory powers in a resolution scenario.

(B) Subordinated Debt: BoE as the UK Resolution Authority has the authority to trigger the write down of the instrument upon the exercise of statutory powers or under the contractual terms if they deem the entity is failing or likely to fail, or if the MS resolution entity enters a resolution.

(C) Senior Subordinated Debt: BoE as the UK Resolution Authority has the authority to trigger the write down of the instrument under the contractual terms if they deem the entity is failing or likely to fail, or if the MS resolution entity enters a resolution.

## 7. Appendix II: Abbreviations

Term	Definition
ASF	Available Stable Funding
AT1	Additional Tier 1
Basel Accords	Standard for international banking prudential regulation in a series of accords
BCBS	Basel Committee on Banking Supervision
BoE	Bank of England
CCyB	Countercyclical Capital Buffer
CET1	Common Equity Tier 1
CFTC	Commodity Futures Trading Commission
CRD	Capital Requirements Directive
CRR	Capital Requirements Regulation
CVA	Credit Valuation Adjustments
EBA	European Banking Authority
ECB	European Central Bank
ECL	Expected Credit Losses
ESG	Environmental, Social and Governance
EU	European Union
FCA	Financial Conduct Authority
FRTB	Fundamental Review of the Trading Book
HQLA	High-Quality Liquid Assets
ICAAP	Internal Capital Adequacy Assessment Process
ILAAP	Internal Liquidity Adequacy Assessment Process
LCR	Liquidity Coverage Ratio
LREQ	Leverage Ratio Requirements
MCR	Minimum Capital Requirement
MM	Millions
MREL	Minimum Requirement for Own Funds and Eligible Liabilities
MSBIL	Morgan Stanley Bank International Limited
MSEHSE Group	Morgan Stanley Europe Holding SE Group
MSESE	Morgan Stanley Europe SE
MSESE Consol	Morgan Stanley Europe SE ("MSESE" together with its subsidiaries)
MSI	Morgan Stanley International Limited
MSI Group	("MSI") together with its subsidiaries
MSIP	Morgan Stanley & Co. International plc
NSFR	Net Stable Funding Ratio
PRA	Prudential Regulation Authority
RSF	Required Stable Funding
RWAs	Risk Weighted Exposure Amounts
SBSD	Securities-Based Swap Dealer
SDs	Swap Dealers
SEC	Securities and Exchange Commission
SFTs	Securities Financing Transactions
SOFR	Secured Overnight Financing Rate
SPOE	Single Point of Entry
SREP	Supervisory Review and Evaluation Process
T1	Tier 1
T2	Tier 2
TCR	Total Capital Requirement
UK	United Kingdom
US	United States
USD	US Dollars