

# **Morgan Stanley Europe Holding SE Group**

**Pillar 3 Regulatory Disclosure Report**

**As at 30 June 2024**

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<sup>1</sup> Please note that the English version of the Pillar 3 Disclosure report as of 30 June 2024 is a translation; the German version prevails.

## 1. Overview and Key Metrics

The principal activity of Morgan Stanley Europe Holding SE, Frankfurt am Main, Germany ("MSEHSE") together with its subsidiaries (the "MSEHSE Group") is the provision of financial services to clients based mainly in the European Economic Area ("EEA") consisting of corporations, governments, and financial institutions. There have not been any significant changes in the MSEHSE Group's principal activities during the second quarter of 2024.

As of 30 June 2024 Pillar 3 disclosures are prepared at the consolidated level of the MSEHSE Group. In addition, Morgan Stanley Europe SE, Frankfurt am Main, Germany ("MSESE") is classified as a large non-listed subsidiary of the MSEHSE Group. Large subsidiary disclosures for MSESE are presented on an individual consolidation basis (MSESE as parent institution incorporating its subsidiary Morgan Stanley Bank AG, Frankfurt am Main, Germany ("MSBAG"), "MSESE Consol"). No quantitative information is presented for MSESE Consol in this report given the reduced reporting requirements for the quarterly disclosure based on Article 13 (1) of the Capital Requirements Regulation ("CRR").

### Directors Responsibility Statement

To the best of my knowledge, I certify that the MSEHSE Group's Pillar 3 Disclosure Report as of 30 June 2024 is compliant with Part 8 of the CRR and has been prepared in accordance with formal governance and internal processes, systems and control procedures adopted at the management body level.

Dr. Jana Währisch

Chief Financial Officer

Morgan Stanley Europe Holding SE

## Key Metrics

Table 1: Key metrics (EU KM1) - MSEHSE Group

€MM <sup>2</sup>	a	b	c	d	e
MSEHSE Group <sup>1</sup>	Q2'24	Q1'24	Q4'23	Q3'23	Q2'23
<b>Available own funds (amounts)</b>					
1 Common Equity Tier 1 (CET1) capital	6,191		6,355		6,192
2 Tier 1 capital	7,191		7,355		7,192
3 Total capital	8,191		8,355		8,192
<b>Risk-weighted exposure amounts</b>					
4 Total risk exposure amount	30,119		27,283		28,393
<b>Capital ratios (as a percentage of risk-weighted exposure amount)</b>					
5 Common Equity Tier 1 ratio (%)	20.56%		23.29%		21.81%
6 Tier 1 ratio (%)	23.88%		26.96%		25.33%
7 Total capital ratio (%)	27.20%		30.62%		28.85%
<b>Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)</b>					
EU 7a Additional own funds requirements to address risks other than the risk of excessive leverage (%)	2.75%		2.75%		2.75%
EU 7b of which: to be made up of CET1 capital (percentage points)	1.55%		1.55%		1.55%
EU 7c of which: to be made up of Tier 1 capital (percentage points)	2.06%		2.06%		2.06%
EU 7d Total SREP own funds requirements (%)	10.75%		10.75%		10.75%
<b>Combined buffer and overall capital requirement (as a percentage of risk-weighted exposure amount)</b>					
8 Capital conservation buffer (%)	2.50%		2.50%		2.50%
EU 8a Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	-		-		-
9 Institution specific countercyclical capital buffer (%)	0.91%		0.71%		0.64%
EU 9a Systemic risk buffer (%)	-		-		-
10 Global Systemically Important Institution buffer (%)	-		-		-
EU 10a Other Systemically Important Institution buffer (%)	0.25%		0.25%		0.25%
11 Combined buffer requirement (%)	3.66%		3.46%		3.39%
EU 11a Overall capital requirements (%)	14.41%		14.21%		14.14%
12 CET1 available after meeting the total SREP own funds requirements (%)	14.51%		17.24%		15.76%
<b>Leverage ratio</b>					
13 Total exposure measure	98,569		88,641		79,064
14 Leverage ratio (%)	7.30%		8.30%		9.10%
<b>Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)</b>					
EU 14a Additional own funds requirements to address the risk of excessive leverage (%)	-		-		-
EU 14b of which: to be made up of CET1 capital (percentage points)	-		-		-
EU 14c Total SREP leverage ratio requirements (%)	3.00%		3.00%		3.00%
<b>Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)</b>					
EU 14d Leverage ratio buffer requirement (%)	-		-		-
EU 14e Overall leverage ratio requirement (%)	3.00%		3.00%		3.00%
<b>Liquidity Coverage Ratio</b>					
15 Total high-quality liquid assets (HQLA) (Weighted value -average)	14,157		14,337		13,758
EU 16a Cash outflows - Total weighted value	22,822		23,223		22,613
EU 16b Cash inflows - Total weighted value	13,060		12,963		12,652
16 Total net cash outflows (adjusted value)	9,763		10,260		9,961
17 Liquidity coverage ratio (%)	147.08%		140.82%		139.26%
<b>Net Stable Funding Ratio</b>					
18 Total available stable funding	13,425		11,670		13,424
19 Total required stable funding	7,958		5,361		8,575
20 NSFR ratio (%)	168.69%		217.70%		156.55%

1. The MSEHSE Group is required to maintain a minimum ratio of Own Funds to Risk-Weighted Exposure Amounts ("RWAs") as well as to maintain a minimum Leverage Ratio of 3% in accordance with Article 92 CRR. As of 30 June 2024, the MSEHSE Group complies with the minimum required ratios.

2. The quantitative information provided in this Pillar 3 disclosure report are rounded numbers (in millions - MM) and might not add up precisely to the totals provided in referencing documents.

Over the first half of 2024, MSEHSE Group's total capital ratio decreased by 3.4% to 27.2% primarily due to increased Market Risk RWAs of €2,100MM. The total capital decreased by €(164)MM primarily driven by increased prudent valuation deduction from Common Equity Tier 1 Capital ("CET1") of €(75)MM. Additionally, on 28 March 2024 the European Central Bank ("ECB") issued its decision in respect of the results of its Asset Quality Review ("AQR") requiring the MSEHSE Group to temporarily deduct €91MM from its CET1 Capital. The deduction was implemented from the date of this decision.

The leverage ratio of the MSEHSE Group decreased by 1.0% to 7.3% over the first half of 2024. The decrease is mainly due to a reduction in Tier 1 ("T1") capital as well as due to an increase in the leverage exposure by €9,928MM to €98,569MM.

The Liquidity Coverage Ratio ("LCR") of the MSEHSE Group increased by 6.26% to 147.08% following decreased net cash outflows by €(498)MM, partially offset by decreased HQLA of €(180)MM.

Net Stable Funding Ratio ("NSFR") of the MSEHSE Group decreased by 49% to 168.69%, mainly due to an increase in Required Stable Funding ("RSF") of €2,597MM, partially offset by an increase in Available Stable Funding ("ASF") of €1,754MM.

## Basis of Consolidation

The MSEHSE Group completes its prudential consolidation in compliance with CRR Part 1, Title II Chapter 2, with all entities fully consolidated. The prudential consolidation scope is the same as the consolidation scope for accounting purposes.

## Morgan Stanley Group

Morgan Stanley International Limited ("MSI") which, together with its consolidated subsidiaries, forms the "MSI Group". MSEHSE is a wholly owned subsidiary of MSI. The MSI Group is regulated by the Prudential Regulation Authority ("PRA") and the Financial Conduct Authority ("FCA") in the United Kingdom ("UK"). Details of the latest MSI Group Pillar 3 disclosure can be accessed at: <https://www.morganstanley.com/about-us-ir/pillar-uk>.

The MSEHSE Group's, and 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 ("FED") in the United States of America ("USA").

The information disclosed in this report is not 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 financial reporting and capital adequacy, liquidity, risk exposure and risk management policies of the Morgan Stanley Group should consult the public disclosures of Morgan Stanley Group.

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

## MSEHSE Group

MSEHSE is the European Union ("EU") parent company of the MSEHSE Group and is authorised by the ECB as a financial holding company. The MSEHSE Group is subject to joint supervision by the ECB, the Federal Financial Supervisory Authority ("BaFin") and the Deutsche Bundesbank.

MSEHSE directly holds 100% of the shares in MSESE which in turn directly holds 100% of the shares in MSBAG.

MSESE has permission to use the individual consolidation method under Article 9 of the CRR. Under this permission, capital requirements are managed at both the consolidated MSEHSE Group level and at the MSESE Consol level. MSESE Consol is disclosed as a large subsidiary.

MSBAG is classified as a non-large subsidiary in accordance with Article 4 (1) No. 146 CRR and is exempted from the requirement to publish Pillar 3 disclosures. Moreover MSBAG has been granted a capital waiver in accordance with Article 7 of the CRR and section 2a (3) *Kreditwesengesetz* ("KWG"), that waives the requirement to comply with Part 8 of the CRR disclosure requirements on an individual basis.

Additionally, MSEHSE is the sole shareholder of Morgan Stanley France Holdings I S.A.S, Paris, France, ("MSFH I") and its subsidiary Morgan Stanley France S.A., Paris, France, ("MSF"). Effective 1 May 2024 Morgan Stanley France Holdings II S.A.S, Paris, France ("MSFH II") was merged into MSFH I. MSF and MSFH I are subject to supervision by the Autorité de Contrôle Prudentiel et de Résolution ("ACPR"), Paris. As a Class 2 non-systemic investment firm, MSF falls under the scope of the Investment Firms Regulation ("IFR"). MSFH I on a consolidated basis, and MSF on a solo basis, prepare their own Pillar 3 disclosure report in accordance with the IFR rules. The latest report can be accessed at: <https://www.morganstanley.com/about-us/global-offices/europe-middle-east-africa/france>.

### **Additional Regulatory Supervision**

As a provider of services to global clients, MSESE is conditionally registered with the SEC as a Securities-Based Swap Dealer ("SBSD"). MSESE is also registered with the Commodity Futures Trading Commission ("CFTC") as a Swap Dealer ("SD").

MSESE complies with CRR and German specific capital requirements in lieu of SEC capital requirements pursuant to substituted compliance rules.

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, the CFTC approved their substituted compliance rules for Non-U.S. non-bank SDs on 25 June 2024, with the rules becoming effective on 18 July 2024 (with the exception of certain conditions to be effective 180 days later). As such MSESE is 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, MSESE was operating pursuant to an interim no-action relief letter.

These SD registrations provide a comprehensive regulatory framework applicable to the U.S.-related swap and SBSBD activities.

## 2. Regulatory Frameworks

### 2.1 Regulatory Overview

The Basel Committee on Banking Supervision (“BCBS”) sets the Standards 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 central 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 several times, most recently through a series of reforms known collectively as Basel III. The Basel Accords are implemented in the EU via the Capital Requirements Directive (“CRD”) and CRR, both as amended. Further detailed requirements are provided through technical standards and regulations issued by other EU bodies, for example the European Banking Authority (“EBA”), as well as the ECB and other national supervisors which includes the BaFin and the Deutsche Bundesbank.

The framework consists of three “Pillars”:

- Pillar 1 – Minimum capital and liquidity requirements: defines rules for the calculation of own funds requirements for credit, market, operational and liquidity risk;
- Pillar 2 – Supervisory Review and Evaluation Process (“SREP”): including a requirement for institutions 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 institutions.

#### Pillar 3 Disclosure

The MSEHSE Group's Pillar 3 disclosures are prepared in accordance with the requirements of Part 8 of the CRR. Additional disclosure requirements are implemented by the EBA via Regulatory Technical Standards (“RTS”) and Implementing Technical Standards (“ITS”). These additional disclosure requirements include published templates which have been integrated within this disclosure where applicable.

### 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 Adjustment (“CVA”) and Operational Risk.

They also introduce an aggregate floor for RWA generated by internal models, which will be set at 72.5% of total standardised RWA. The output floor will be phased-in over five years. Institutions will also need to disclose their RWA based upon the standardised approaches.

CRR III and CRD VI, which 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. The rules are effective from 1 January 2025, with the exception of the Fundamental Review of the Trading Book (“FRTB”) own funds requirements that have been postponed to 1 January 2026. The finalised rules also include an increased focus on Environmental, Social and Governance (“ESG”) risks.



**Internal MREL**

MSEHSE Group is subject to internal MREL requirements as set by the Single Resolution Board and BaFin. MSEHSE Group has taken note of changes to the Single Resolution Board's MREL policy published in May 2024 that, among other items, changes the basis under which the Market Confidence Charge adjustment to internal MREL requirements is set. This change is currently being evaluated for its potential impact, but could result in a change in MSEHSE Group's internal MREL requirement that would be effective as of 1 January 2025.

**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. Total Loss-Absorbing Capacity

The MSEHSE Group is subject to Internal Total Loss Absorbing Capacity (“iTLAC”) requirements under the CRR. MSESE Consol is not subject to TLAC requirements.

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 recapitalize in resolution.

As of 30 June 2024, the minimum requirements were set at 18% of RWAs and 6.75% of leverage exposure, scaled at 90% for MSEHSE Group as a material subsidiary, on a consolidated basis, of a non-EU Global Systematically Important Institution (“G-SII”).

The MSEHSE Group is subject to internal Minimum Required Eligible Liabilities (“MREL”) requirements. MSESE Consol became subject to MREL requirements from 1 January 2024.

Morgan Stanley Group'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 10-K Report 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/>.

Table 2 provides details of the composition of the MSEHSE Group's Total Loss-Absorbing Capacity (“TLAC”).

<b>Table 2 : TLAC composition (EU iTLAC) - MSEHSE Group</b>			
<b>€MM</b>		<b>b</b>	<b>c</b>
		<b>Non-EU G-SII requirement for own funds and eligible liabilities (internal TLAC)</b>	<b>Qualitative information</b>
<b>MSEHSE Group<sup>1</sup></b>			
<b>Applicable requirement and level of application</b>			
EU-1	Is the entity subject to a Non-EU G-SII Requirement for own funds and eligible liabilities? (Y/N)		Y
EU-2	If EU 1 is answered by 'Yes', is the requirement applicable on a consolidated or individual basis? (C/I)		C
EU-2a	Is the entity subject to an internal MREL requirement? (Y/N)		Y
EU-2b	If EU 2a is answered by 'Yes', is the requirement applicable on a consolidated or individual basis? (C/I)		C
<b>Own funds and eligible liabilities</b>			
EU-3	Common Equity Tier 1 capital (CET1)	6,191	
EU-4	Eligible Additional Tier 1 instruments	400	
EU-5	Eligible Tier 2 instruments	-	
EU-6	Eligible own funds	6,591	
EU-7	Eligible liabilities	2,800	
EU-8	Of which permitted guarantees		
EU-9a	(Adjustments)		
EU-9b	Own funds and eligible liabilities items after adjustments	9,391	
<b>Total risk exposure amount and total exposure measure</b>			
EU-10	Total risk exposure amount	30,119	
EU-11	Total exposure measure	98,569	
<b>Ratio of own funds and eligible liabilities</b>			
EU-12	Own funds and eligible liabilities (as a percentage of TREA)	31.18%	
EU-13	of which permitted guarantees		
EU-14	Own funds and eligible liabilities (as a percentage of leverage exposure)	9.53%	
EU-15	of which permitted guarantees		
EU-16	CET1 (as a percentage of TREA) available after meeting the entity's requirements	14.51%	
EU-17	Institution-specific combined buffer requirement	3.66%	
<b>Requirements</b>			
EU-18	Requirement expressed as a percentage of the total risk exposure amount	16.20%	
EU-19	of which may be met with guarantees		
EU-20	Internal MREL expressed as percentage of the total exposure measure	6.08%	
EU-21	of which may be met with guarantees		
<b>Memorandum items</b>			
EU-22	Total amount of excluded liabilities referred to in Article 72a(2) CRR	71,725	

1. As of 30 June 2024, the MSEHSE Group complies with the iTLAC requirements.

Over the second quarter of 2024, MSEHSE Group's own funds and eligible liabilities as a percentage of Total Risk Exposure Amount (“TREA”) increased due to a decrease in RWAs driven by Market Risk.

Table 3 provides a breakdown of eligible instruments in the creditor hierarchy of the MSEHSE Group. Morgan Stanley, the MSEHSE Group's ultimate parent undertaking and controlling entity, is the resolution entity of the Morgan Stanley Group. Eligible instruments of the MSEHSE Group issued against further entities (i.e., MSI) are captured in the following table under "Other".

<b>Table 3: Creditor ranking - Entity that is not a resolution entity (EU TLAC2a) - MSEHSE Group</b>									
€MM	Insolvency ranking								Sum of 1 to 4
	1 (most junior) Resolution entity	1 (most junior) Other	2 Resolution entity	2 Other	3 Resolution entity	3 Other	4 (most senior) Resolution entity	4 (most senior) Other	
MSEHSE Group									
2	Description of insolvency rank (free text)								
3	6,191	-	400	600	-	1,000	2,800	-	10,991
4	-	-	-	-	-	-	-	-	-
5	6,191	-	400	600	-	1,000	2,800	-	10,991
6	6,191	-	400	600	-	1,000	2,800	-	10,991
7	-	-	-	-	-	-	2,800	-	2,800
8	-	-	-	-	-	-	-	-	-
9	-	-	-	-	-	1,000	-	-	1,000
10	-	-	-	-	-	-	-	-	-
11	6,191	-	400	600	-	-	-	-	7,191

As of 30 June 2024, MSEHSE Group's total capital and liabilities for TLAC consist of total own funds of €6,591MM and €2,800MM of senior subordinated debt issuances. Additionally, €600MM Additional Tier 1 ("AT1") and €1,000MM Tier 2 ("T2") capital are eligible for the purposes of internal MREL.

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

Table 4: Capital instruments and eligible liabilities (EU CCA) - MSEHSE Group									
MSEHSE 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 Europe Holding SE							
2	Unique Identifier	N/A							
2a	Public or private placement	Private							
3	Governing law(s) of the instrument	German Stock Corporation Act		German Law					
3a	Contractual recognition of write down and conversion powers of resolution authorities	No		Yes					
4	Regulatory treatment	Common Equity Tier 1		Additional Tier 1		Tier 2		Eligible Liability	
5	Current treatment taking into account, where applicable, transitional CRR rules	Common Equity Tier 1		Additional Tier 1		Tier 2		Eligible Liability	
6	Post-transitional CRR rules	Common Equity Tier 1		Additional Tier 1		Tier 2		Eligible Liability	
6	Eligible at solo/(sub-)consolidated/ solo&(sub-)consolidated	Solo & (sub-) consolidated							
7	Instrument type (types to be specified by each jurisdiction)	Ordinary Shares		Undated Subordinated AT1 Notes		Schuldschein Loan		Subordinated non-T2 Loan	
8	Amount recognised in regulatory capital or eligible liabilities (Currency in million, as of most recent reporting date)	€4,650MM		€400MM		€600MM		€1,000MM	
9	Nominal amount of instrument	€1 per ordinary share		€400MM		€600MM		€1,000MM	
EU-9a	Issue Price	N/A		€400MM		€600MM		€1,000MM	
EU-9b	Redemption Price	N/A		€400MM		€600MM		€1,000MM	
10	Accounting Classification	Shareholders' Equity		Liability under German GAAP; shareholders' equity under IFRS		Liability under German GAAP; shareholders' equity under IFRS		Liability - amortised cost	
11	Original date of issuance	26/09/17		12/04/22		29/10/20		27/10/20	
12	Perpetual or dated	No maturity		Perpetual		Dated		17/12/21	
13	Original maturity date	No maturity		No maturity		No maturity		27/10/31	
14	Issuer call subject to prior supervisory approval	N/A		Yes		Yes		Yes	
15	Option call date, contingent call dates and redemption amount	N/A		30/11/27		30/11/25		27/10/25	
16	Subsequent call dates, if applicable	N/A		Daily thereafter		Daily thereafter		Each Interest Payment Date	
17	Coupons / dividends	Floating		Fixed		Floating		Proxy <sup>2</sup>	
18	Fixed or floating dividend / coupon	N/A		5.0%		4.7%		3M EURIBOR + 1.6%	
19	Coupon rate and any related index	No		No		No		No	
19	Existence of a dividend stopper	No		No		No		No	
EU-20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Fully Discretionary		Fully Discretionary		Mandatory		Mandatory	
EU-20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Fully Discretionary		Fully Discretionary		Mandatory		Mandatory	
21	Existence of step up or other incentive to redeem					No			
22	Noncumulative or cumulative	Noncumulative		Noncumulative		Cumulative		Cumulative	
23	Convertible or non-convertible	Nonconvertible		Nonconvertible		Nonconvertible		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			
29	If convertible, specify issuer of instrument it converts into					N/A			
30	Write-down features	No		Yes		No		No	
31	If write-down, write-down trigger(s)	N/A		Contractual write down if CET1 capital ratio of MSEHSE Group falls below 5.125%. Competent Authority will trigger the write down of the instrument upon the exercise of statutory powers.		BaFin as the German Resolution Authority has the authority to write down or convert into shares the instrument prior to any insolvency or liquidation of the Company, under the applicable Resolution Legislation			
32	If write-down, full or partial	N/A		Full or Partial		N/A		N/A	
33	If write-down, permanent or temporary	N/A		Temporary		N/A		N/A	

MSEHSE Group <sup>1</sup>		a	b		c	d
Description		COMMON EQUITY TIER 1	ADDITIONAL TIER 1		SUBORDINATED DEBT	SENIOR SUBORDINATED DEBT
34	If temporary write-down, description of write-up mechanism	N/A	The Current Principal Amount, unless previously redeemed or repurchased and cancelled, may be written up in each of the financial years until the full Initial Principal Amount has been reached, to the extent that a corresponding Annual Profit is recorded, and the write-up will not give rise to or increase an annual net loss.			N/A
34a	Type of subordination (only for eligible liabilities)		N/A			Contractual
EU-34b	Ranking of the instrument in normal insolvency proceedings	Rank 1	Rank 2	Rank 2	Rank 3	Rank 4
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Perpetual Unsecured Fixed Rate Securities	Long-term subordinated loan facility		Senior Subordinated Facility	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="https://www.morganstanley.com/about-us-ir/pillar-eu.html">https://www.morganstanley.com/about-us-ir/pillar-eu.html</a>			
	TLAC Eligibility	Yes	Yes	No	No	Yes

1. All capital instruments issued by the MSEHSE Group are issued within Morgan Stanley and are not marketable instruments.
2. 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.

The full terms and conditions in connection with all CET1 capital instruments, AT1 capital and T2 capital can be accessed at <https://www.morganstanley.com/about-us-ir/pillar-uk/2022terms>.

## 5. Appendix II: Abbreviations

Term	Definition
ACPR	Autorité de Contrôle Prudentiel et de Résolution
AQR	Asset Quality Review
ASF	Available Stable Funding
AT1	Additional Tier 1
BaFin	Federal Financial Supervisory Authority
Basel Accords	Standards for international banking prudential regulation in a series of accords
BCBS	Basel Committee on Banking Supervision
CET1	Common Equity Tier 1 Capital
CFTC	Commodity Futures Trading Commission
CRD	Capital Requirements Directive
CRR	Capital Requirements Regulation
CVA	Credit Valuation Adjustment
EBA	European Banking Authority
ECB	European Central Bank
EEA	European Economic Area
ESG	Environmental, Social and Governance
EU	European Union
FCA	Financial Conduct Authority
FED	Federal Reserve System
FRTB	Fundamental Review of the Trading Book
G-SII	Global Systematically Important Institution
HQLA	High-Quality Liquid Assets
ICAAP	Internal Capital Adequacy Assessment Process
IFR	Investment Firms Regulation
ILAAP	Internal Liquidity Adequacy Assessment Process
iTLAC	Internal Total Loss Absorbing Capacity
ITS	Implementing Technical Standards
KWG	Kreditwesengesetz
LCR	Liquidity Coverage Ratio
MM	Millions
MREL	Minimum Required Eligible Liabilities
MSBAG	Morgan Stanley Bank AG
MSEHSE	Morgan Stanley Europe Holding SE
MSEHSE Group	("MSEHSE") together with its subsidiaries
MSESE	Morgan Stanley Europe SE
MSESE Consol	Morgan Stanley Europe SE Sub Consolidation Group (including MSESE solo and MSBAG)
MSF	Morgan Stanley France S.A., Paris, France
MSFH I	Morgan Stanley France Holdings I S.A.S, Paris, France
MSFH II	Morgan Stanley France Holdings II S.A.S, Paris, France
MSI	Morgan Stanley International Limited
MSI Group	("MSI") which, together with its consolidated subsidiaries
NSFR	Net Stable Funding Ratio
PRA	Prudential Regulation Authority
RSF	Required Stable Funding
RTS	Regulatory Technical Standards
RWAs	Risk-Weighted Exposure Amounts
SBSD	Securities-Based Swap Dealer
SD	Swap Dealer
SEC	Securities and Exchange Commission
SPOE	Single Point of Entry
SREP	Supervisory Review and Evaluation Process
T1	Tier 1
T2	Tier 2
TLAC	Total Loss-Absorbing Capacity
TREA	Total Risk Exposure Amount
UK	United Kingdom
US	United States
USA	United States of America