

## Morgan Stanley

### IOSCO Principles – Statement of Compliance

#### Introduction

The "Principles for Financial Benchmarks" published by the International Organization of Securities Commissions ("IOSCO") on 17 July 2013 ("Principles") represent an overarching framework of Principles for use in financial markets. IOSCO has recommended that administrators of financial benchmarks publically disclose the extent of their compliance with the Principles on an annual basis. This Compliance Statement sets out the extent of Morgan Stanley's compliance with the IOSCO Principles.

#### Scope

Morgan Stanley's Compliance Statement relates to its role as an administrator. Morgan Stanley has developed, calculates and publishes (directly or indirectly) a number of financial indices that it considers fall within the scope of the Principles (each an "MS Index" and together "MS Indices"). For the avoidance of doubt, the MS Indices do not include the indices calculated by MSCI Inc., which is not owned by or affiliated to Morgan Stanley. Most of the MS Indices are used for transactions between Morgan Stanley and its clients, and are, as such, regarded by Morgan Stanley as private indices. A small number of the MS Indices are also licensed to third parties on a restricted basis. The MS Indices typically consist of reference portfolios or baskets, investment strategies and research indices, and typically include underlying interests in equities, commodities and fixed income instruments and/or other third party financial benchmarks. None of the MS Indices are based on third party Submissions (as defined in the Principles).

#### Proportionality and extent of compliance with the Principles

Morgan Stanley has policies and procedures relating to the MS Indices that adopt the IOSCO's recommended practices regarding the establishment, operation and oversight of financial benchmarks. Morgan Stanley has implemented the Principles in a manner proportionate to the size of, and risks posed by, each MS Index and the MS Index setting process. Specifically, Morgan Stanley has taken into consideration a number of factors, including the proposed use of the MS Indices, the actual or expected number of users, the actual or expected volume of products linked to the MS Indices, the level of discretion retained by Morgan Stanley, and the potential conflicts of interest applicable to the MS Indices. Morgan Stanley's oversight and governance framework in respect of MS Indices is supported by a number of policies applicable to conduct risks and conflicts more broadly, and to financial benchmarks and related activities. The oversight and governance framework has been designed in a manner to promote the quality and integrity of the determination process for the MS Indices. In particular, the standards that have been set by Morgan Stanley seek to ensure that: (i) appropriate governance arrangements are in place with respect to approvals, (ii) potential conflicts of interests which arise out of the MS Indices are appropriately identified and addressed, (iii) each MS Index adequately reflects the interest for which it has been established, and (iv) there are procedures designed to mitigate the market impact of methodology changes or cessations of a MS Index. The standards are applied to each MS Index on a differential basis, proportional to

the size of, and risk posed by, each MS Index.

#### **Other Information**

Further details of the control and oversight framework for the process of determining and distributing the MS Indices and procedures for notifications of material changes in the respective methodologies and/or cessation, are available on request from [msqt@morganstanley.com](mailto:msqt@morganstanley.com).

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