

Morgan Stanley Europe Holding SE Group

Pillar 3 Regulatory Disclosures Report

As of 30 June 2023

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¹ Please note that the English version of the Pillar 3 Disclosure report as of 30 June 2023 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 2023.

From 31 December 2022 onwards the MSEHSE Group complies with its European Union ("EU") related Pillar 3 disclosure requirements through a standalone disclosure report. Disclosures prior to 31 December 2022 were included within the Morgan Stanley International Limited Group, London, United Kingdom ("MSI Group") Pillar 3 disclosure report.

As of 30 June 2023 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. Any large subsidiary disclosures for MSESE would be presented on 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 CRR.

On 18 November 2022, the BaFin in consultation with the Deutsche Bundesbank categorised MSEHSE as an Other Systemically Important Institution ("O-SII"). As of 1 January 2023, the MSEHSE Group is required to hold an additional 0.25% Common Equity Tier 1 ("CET1") capital as an O-SII buffer.

Director's Responsibility Statement

To the best of my knowledge, I certify that the MSEHSE Group's Pillar 3 Disclosure Report as of 30 June 2023 is compliant with Part 8 of the Capital Requirements Regulation ("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)³					
€MM					
MSEHSE Group¹	a	b	c	d	e
	Q2'23	Q1'23	Q4'22	Q3'22	Q2'22
Available own funds (amounts)					
1 Common Equity Tier 1 (CET1) capital	6,192		5,191		4,222
2 Tier 1 capital	7,192		6,191		5,222
3 Total capital	8,192		7,191		6,222
Risk-weighted exposure amounts					
4 Total risk exposure amount	28,393		27,965		29,529
Capital ratios (as a percentage of risk-weighted exposure amount)					
5 Common Equity Tier 1 ratio (%)	21.81%		18.56%		14.30%
6 Tier 1 ratio (%)	25.33%		22.14%		17.69%
7 Total capital ratio (%)	28.85%		25.71%		21.07%
Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)					
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%
Combined buffer and overall capital requirement (as a percentage of risk-weighted exposure amount)					
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 (%)	0.64%		0.35%		0.05%
EU 9a Systemic risk buffer (%)	-		-		-
10 Global Systemically Important Institution buffer (%)	-		-		-
EU 10a Other Systemically Important Institution buffer (%)	0.25%		-		-
11 Combined buffer requirement (%)	3.39%		2.85%		2.55%
EU 11a Overall capital requirements (%)	14.14%		13.60%		13.30%
12 CET1 available after meeting the total SREP own funds requirements (%)	15.76%		12.52%		8.25%
Leverage ratio					
13 Total exposure measure	79,064		77,190		77,908
14 Leverage ratio (%)	9.10%		8.02%		6.70%
Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)					
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%
Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)					
EU 14d Leverage ratio buffer requirement (%)	-		-		-
EU 14e Overall leverage ratio requirement (%)	3.00%		3.00%		3.00%
Liquidity Coverage Ratio					
15 Total high-quality liquid assets (HQLA) (Weighted value - average)	13,758		10,663		7,562
EU 16a Cash outflows - Total weighted value	22,613		19,522		15,228
EU 16b Cash inflows - Total weighted value	12,652		12,648		11,569
16 Total net cash outflows (adjusted value)	9,961		7,158		4,250
17 Liquidity coverage ratio (%) ²	139.26%		158.37%		177.92%
Net Stable Funding Ratio					
18 Total available stable funding	13,424		14,430		11,866
19 Total required stable funding	8,575		7,372		9,223
20 NSFR ratio (%)	156.55%		195.74%		128.66%

1. The MSEHSE Group is required to maintain a minimum ratio of Own Funds to Risk Weighted Assets ("RWA") as well as to maintain a minimum Leverage Ratio of 3% in accordance with Article 92 CRR. As of 30 June 2023, the MSEHSE Group complies with the CRR capital requirements.

2. Calculation of the Liquidity coverage ratio ("LCR") is based on an average of 12-month data points instead of an average Total High-quality liquid assets ("HQLA") over Total net cash outflows (change in Q3 2022).

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

Table 1 above shows an increase in own funds of the MSEHSE Group during the first half of 2023 primarily driven by a capital infusion of € 1,000MM. The RWA increase is primarily due to an increase in credit risk and counterparty credit risk, partially offset by a decrease in market risk. The leverage ratio of the MSEHSE Group increased by 1.08% during the first half of 2023 mainly due to an increase in Tier 1 ("T1") capital.

RWA as of 30 June 2022 have been updated to reflect an increase of € 305MM due to a revised data mapping within the Standardised Approach - Counterparty Credit Risk ("SA-CCR") calculation. In addition the leverage exposure increased by € 50MM due to an update to the treatment of off-balance sheet positions.

The LCR of the MSEHSE Group decreased by 19.11% following increased net cash outflows by € 2,803MM, partially offset by increased HQLA by € 3,095MM. The Net Stable Funding Ratio ("NSFR") of the MSEHSE Group decreased by 39.19% following an increase in Required Stable Funding ("RSF") of € 1,203MM and a decrease in Available Stable Funding ("ASF") of € 1,006MM.

Basis of Consolidation

The MSEHSE Group completes its prudential consolidation in compliance with CRR Part One, 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

The MSEHSE Group is a wholly owned sub-group of the MSI Group. The MSI Group is regulated by the Prudential Regulation Authority ("PRA") and the Financial Conduct Authority ("FCA") in the United Kingdom ("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. Details on the latest MSI Group Pillar 3 disclosure can be accessed at: <https://www.morganstanley.com/about-us-ir/pillar-uk>.

The information disclosed in this report 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 of the Morgan Stanley Group should consult the public disclosures of the 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 Liquidity Coverage Ratio 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/pub/content/msdotcom/en/about-us-ir/sec-filings>.

MSEHSE Group

MSEHSE is the EU parent company and is authorised by the European Central Bank ("ECB") as a financial holding company. 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. For reporting periods prior to 1 January 2023 MSESE was exempted from large subsidiary Pillar 3 disclosures because it had been granted a capital waiver in accordance with Article 7 of the CRR and section 2a (3) (*Kreditwesengesetz* - "KWG"). 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. MSBAG has been granted a capital waiver in accordance with Article 7 of the CRR and section 2a (3) KWG, that waives the requirement on an individual basis.

Additionally, MSEHSE is the sole shareholder of Morgan Stanley France Holdings I S.A.S, Paris, France ("MSFH I") together with its subsidiaries Morgan Stanley France Holdings II S.A.S, Paris, France ("MSFH II") and Morgan Stanley France S.A., Paris, France ("MSF"). 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 its own Pillar 3 disclosure report in accordance with the IFR rules. For further information please refer to the following link: <https://www.morganstanley.com/about-us/global-offices/europe-middle-east-africa/france>.

The MSEHSE Group is subject to joint supervision by the ECB, the Federal Financial Supervisory Authority ("BaFin") and the Deutsche Bundesbank.

Additional Regulatory Supervision

MSESE as a Germany-based broker-dealer is registered with the SEC as a security-based swap dealer and registered with the Commodity Futures Trading Commission (“CFTC”) as a swap dealer. Until 31 December 2022, and pursuant to an interim no-action relief order, MSESE was complying with the CRR and German local capital requirements instead of SEC and CFTC capital requirements. Since 1 January 2023 compliance is met based on the application of substituted compliance.

Business Developments

In alignment with its business strategy and regulatory expectations, the MSEHSE Group is expanding its business activities by implementing booking model changes which will result in risk management of additional EU products within the MSEHSE Group.

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 credit, market, operational and liquidity risk;
- Pillar 2 – Supervisory review process: including a requirement for institutions to undertake an Internal Capital Adequacy Assessment (“ICAAP”) and Internal Liquidity Adequacy Assessment (“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

This report represents the semi-annual public Pillar 3 qualitative and quantitative disclosures in relation to the MSEHSE Group and MSESE Consol, as of 30 June 2023. The disclosure report is published and can be found at <https://www.morganstanley.com/about-us-ir/pillar-eu.html>.

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 Development

Finalising Basel III Reforms

A number of remaining standards of the Basel III reform package have still to be fully implemented. These standards, referred to by the BCBS and international regulators as the ‘Finalisation of Basel III’, provide updates to key components of the regulation framework. These include revised market RWA requirements through the Fundamental Review of Trading Book (“FRTB”), new Credit Valuation Adjustments (“CVA”), revisions to the credit RWA calculations covering both standardised and advanced treatments, and a new RWA requirement for 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. Banks will also need to disclose their RWA based upon the standardised approaches.

The European Commission published draft rules in October 2021, referred to as CRR III and CRD VI, to implement these final elements of the Basel III reform package. The draft rules are largely consistent with the Basel III reform package with some adjustments to address EU specificities. The proposed rules are currently going through the European legislative process and are subject to amendments proposed by the European Parliament and the Council of the EU. The proposal also includes an increased focus on Environmental, Social and Governance (“ESG”) risks.

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 recapitalise in resolution.

As of 30 June 2023, the minimum capacity requirements for MSEHSE Group of 18% of RWA, and 6.75% of leverage ratio exposure measure are to be fulfilled, scaled at 90% for material subsidiaries, on a consolidated basis of a non-EU Global Systemically Important Institution (“G-SII”).

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

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 10-K Report and Quarterly 10-Q Report as well as the Public Section of Morgan Stanley’s Title I resolution plan.

Table 2 provides details of the composition of the MSEHSE Group’s TLAC.

Table 2: TLAC composition (EU iTLAC)			
€MM		b	c
		Non-EU G-SII requirement for own funds and eligible liabilities (internal TLAC)	Qualitative information
MSEHSE Group¹			
Applicable requirement and level of application			
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
Own funds and eligible liabilities			
EU-3	Common Equity Tier 1 capital (CET1)	6,192	
EU-4	Eligible Additional Tier 1 instruments	400	
EU-5	Eligible Tier 2 instruments	-	
EU-6	Eligible own funds	6,592	
EU-7	Eligible liabilities	2,500	
EU-8	Of which permitted guarantees		
EU-9a	(Adjustments)		
EU-9b	Own funds and eligible liabilities items after adjustments	9,092	
Total risk exposure amount and total exposure measure			
EU-10	Total risk exposure amount	28,393	
EU-11	Total exposure measure	79,064	
Ratio of own funds and eligible liabilities			
EU-12	Own funds and eligible liabilities (as a percentage of TREA)	32.02%	
EU-13	of which permitted guarantees		
EU-14	Own funds and eligible liabilities (as a percentage of leverage exposure)	11.50%	
EU-15	of which permitted guarantees		
EU-16	CET1 (as a percentage of TREA) available after meeting the entity’s requirements	13.70%	
EU-17	Institution-specific combined buffer requirement	3.39%	
Requirements			
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		
Memorandum items			
EU-22	Total amount of excluded liabilities referred to in Article 72a(2) CRR	124,367	

1. As of 30 June 2023, the MSEHSE Group complies with the iTLAC requirements.

In Q2 2023, the CET1 capital of both the MSEHSE Group and MSESE Consol increased in capital reserves by € 1,000MM following capital infusion from MSI to MSEHSE Group which was injected further into MSESE by MSEHSE.

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 MSEHSE Group. Eligible instruments of the MSEHSE Group issued against further entities (e.g., MSI Group) are captured in the following table within “Other”.

Table 3: Creditor ranking - Entity that is not a resolution entity (EU TLAC2a)									
€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	6,192	-	400	600	-	1,000	2,500	-	10,692
4	of which excluded liabilities								
5	6,192	-	400	600	-	1,000	2,500	-	10,692
6	Subset of liabilities and own funds less excluded liabilities that are own funds and eligible liabilities for the purpose of [choose as appropriate: internal MREL]								
7	6,192	-	400	600	-	1,000	2,500	-	10,692
8	of which residual maturity ≥ 1 year < 2 years								
9	-	-	-	-	-	-	2,500	-	2,500
10	of which residual maturity ≥ 2 year < 5 years								
11	-	-	-	-	-	-	-	-	-
12	of which residual maturity ≥ 5 years < 10 years								
13	-	-	-	-	-	1,000	-	-	1,000
14	of which residual maturity ≥ 10 years, but excluding perpetual securities								
15	-	-	-	-	-	-	-	-	-
16	of which perpetual securities								
17	6,192	-	400	600	-	-	-	-	7,192

As of 30 June 2023, the MSEHSE Group’s TLAC total capital and liabilities consist of total own funds of € 6,592MM and € 2,500MM senior subordinated debt issuances. Additionally, € 600MM AT1 and € 1,000MM T2 capital are eligible for the purposes of internal MREL.

4. Appendix I: Capital Instruments & Eligible Liabilities

Table 4: Capital instruments and eligible liabilities (EU CCA)

MSEHSE Group ¹		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					
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	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	€2,500MM
9	Nominal amount of instrument	€1 per ordinary share	€400MM	€600MM	€1,000MM	€2,500MM
EU-9a	Issue Price	N/A	€400MM	€600MM	€1,000MM	€2,500MM
EU-9b	Redemption Price	N/A	€400MM	€600MM	€1,000MM	€2,500MM
10	Accounting Classification	Shareholders' Equity	Liability under German GAAP; shareholders' equity under IFRS	Liability under German GAAP; shareholders' equity under IFRS	Liability - amortised cost	Liability - amortised cost
11	Original date of issuance	26/09/17	12/04/22	29/10/20	27/10/20	17/12/21
12	Perpetual or dated	Perpetual				Dated
13	Original maturity date	No maturity	No maturity	No maturity	27/10/31	395 days from issuance
14	Issuer call subject to prior supervisory approval	N/A	Yes	Yes	Yes	N/A
15	Option call date, contingent call dates and redemption amount	N/A	30/11/27	30/11/25	27/10/25	N/A
16	Subsequent call dates, if applicable	N/A	Daily thereafter	Daily thereafter	Each Interest Payment Date	N/A
17	Coupons / dividends					
17	Fixed or floating dividend / coupon	Floating	Fixed		Floating	
18	Coupon rate and any related index	N/A	5.0%	4.7%	3M EURIBOR + 1.6%	Proxy ²
19	Existence of a dividend stopper	No	No	No	No	No
EU-20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Fully Discretionary				Mandatory
EU-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				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	

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
33	If write-down, permanent or temporary	N/A	Temporary			N/A
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)	https://www.morganstanley.com/about-us-ir/pillar-eu.html				
	TLAC Eligibility	Yes	Yes	No	No	Yes

1. All capital instruments issued by the MSEHSE Group are issued within Morgan Stanley Group 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, Additional Tier 1 ("AT1") capital and supplementary capital can be accessed at <https://www.morganstanley.com/about-us-ir/pillar-eu.html>.

5. Appendix II: Abbreviations

Term	Definition
ACPR	Autorité de Contrôle Prudentiel et de Résolution
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
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
EEA	European Economic Area
ESG	Environmental, Social and Governance
EU	European Union
FCA	Financial Conduct Authority
FRTB	Fundamental Review of Trading Book
G-SII	Global Systemically Important Institution
HQLA	High-quality liquid assets
ICAAP	Internal Capital Adequacy Assessment
IFR	Investment Firms Regulation
ILAAP	Internal Liquidity Adequacy Assessment
iTLAC	internal Total Loss Absorbing Capacity
ITS	Implementing Technical Standards
KWG	Kreditwesengesetz
LCR	Liquidity coverage ratio
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	MSESE as parent institution incorporating its subsidiary Morgan Stanley Bank AG
MSF	Morgan Stanley France S.A.
MSFH I	Morgan Stanley France Holdings I S.A.S
MSFH II	Morgan Stanley France Holdings II S.A.S
MSI Group	Morgan Stanley International Limited Group
NSFR	Net Stable Funding Ratio
O-SII	Other Systemically Important Institution
PRA	Prudential Regulation Authority
RSF	Required Stable Funding
RTS	Regulatory Technical Standards
RWA	Risk Weighted Assets
SA-CCR	Standardised Approach - Counterparty Credit Risk
SEC	Securities and Exchange Commission
SPOE	Single Point of Entry
T1	Tier 1
UK	United Kingdom