

SUPPLEMENT TO
FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT
PART II CSE

BROKER OR DEALER
MORGAN STANLEY & CO. LLC

as of 08/31/13

STATEMENT OF SEGREGATION REQUIREMENTS AND FUNDS IN SEGREGATION
FOR CUSTOMERS TRADING ON U.S. COMMODITY EXCHANGES

SEGREGATION REQUIREMENTS (Section 4d(2) of the CEAct)

| | | | |
|---|---|----|--------------------|
| 1. Net ledger balance | | | |
| A. Cash | | \$ | 6,910,959,490 7010 |
| B. Securities (at market) | | | 1,741,727,037 7020 |
| 2. Net unrealized profit (loss) in open futures contracts traded on a contract market | | | (98,767,242) 7030 |
| 3. Exchange traded options | | | |
| A. Add market value of open option contracts purchased on a contract market | | | 280,970,263 7032 |
| B. Deduct market value of open option contracts granted (sold) on a contract market | | (| 213,229,201) 7033 |
| 4. Net equity (deficit) (add lines 1, 2, and 3) | | | 8,621,660,347 7040 |
| 5. Accounts liquidating to a deficit and accounts with debit balances | | | |
| - gross amount | | | 68,260,677 7045 |
| | | | |
| Less: amount offset by customer owned securities | (| | 68,190,388) 7047 |
| 6. Amount required to be segregated (add lines 4 and 5) | | \$ | 70,289 7050 |
| | | | 8,621,730,636 7060 |

FUNDS IN SEGREGATED ACCOUNTS

| | | | |
|---|--|----|--------------------|
| 7. Deposited in segregated funds bank accounts | | | |
| A. Cash | | | 4,128,092,350 7070 |
| B. Securities representing investments of customers' funds (at market) | | | 438,026,322 7080 |
| C. Securities held for particular customers or option customers in lieu of cash (at market) | | | 217,863,433 7090 |
| 8. Margins on deposit with derivatives clearing organizations of contract markets | | | |
| A. Cash | | \$ | 114,243,679 7100 |
| B. Securities representing investments of customers' funds (at market) | | | 2,349,120,457 7110 |
| C. Securities held for particular customers or option customers in lieu of cash (at market) | | | 1,523,863,604 7120 |
| 9. Net settlement from (to) derivatives clearing organizations of contract markets | | | (25,819,253) 7130 |
| 10. Exchange traded options | | | |
| A. Value of open long option contracts | | | 280,970,263 7132 |
| B. Value of open short option contracts | | (| 213,229,201) 7133 |
| 11. Net equities with other FCMs | | | |
| A. Net liquidating equity | | | 19,198,887 7140 |
| B. Securities representing investments of customers' funds (at market) | | | 0 7160 |
| C. Securities held for particular customers or option customers in lieu of cash (at market) | | | 0 7170 |
| 12. Segregated funds on hand (describe: _____) | | | 0 7150 |
| 13. Total amount in segregation (add lines 7 through 12) | | | 8,832,330,541 7180 |
| 14. Excess (deficiency) funds in segregation (subtract line 6 from line 13) | | \$ | 210,599,905 7190 |

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| BROKER OR DEALER MORGAN STANLEY & CO. LLC | as of <u>08/31/13</u> |
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STATEMENT OF SEGREGATION REQUIREMENTS AND FUNDS IN SEGREGATION
FOR CUSTOMERS' DEALER OPTIONS ACCOUNTS

| | | | | |
|--|----------|----------|----------|--------|
| 1. Amount required to be segregated in accordance with Commission regulation 32.6 | | \$ _____ | 0 | 7200 |
| 2. Funds in segregated accounts | | | | |
| A. Cash | \$ _____ | | 0 | 7210 |
| B. Securities (at market) | | _____ | 0 | 7220 |
| C. Total | | | _____ | 0 7230 |
| 3. Excess (deficiency) funds in segregation (subtract line 2.C from line 1) | | | \$ _____ | 0 7240 |

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STATEMENT OF SECURED AMOUNTS AND FUNDS HELD IN SEPARATE ACCOUNTS
FOR FOREIGN FUTURES AND FOREIGN OPTIONS CUSTOMERS
PURSUANT TO COMMISSION REGULATION 30.7

FOREIGN FUTURES AND FOREIGN OPTIONS SECURED AMOUNTS - SUMMARY

I. Check the appropriate box to identify the amount shown on line 1. below.

- 7300 Secured amounts in only U.S. - domiciled customers' accounts
- 7310 Secured amounts in U.S. and foreign - domiciled customers' accounts
- 7320 Net liquidating equities in all accounts of customers trading on foreign boards of trade
- 7330 Amount required to be set aside pursuant to law, rule or regulation of a foreign government or a rule of a self-regulatory organization authorized thereunder.

II. Has the FCM changed the method of calculating the amount to be set aside in separate accounts since the last financial report it filed ?

- Yes 7340 If yes, explain the change below
- No 7350

| | |
|--|-----------------------|
| 1. Amount to be set aside in separate section 30.7 accounts | \$ 2,191,426,937 7360 |
| 2. Total funds in separate section 30.7 accounts (page 16, line 8) | 2,400,582,329 7370 |
| 3. Excess (deficiency) - (subtract line 1 from line 2) | \$ 209,155,392 7380 |

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FOR FOREIGN FUTURES AND FOREIGN OPTIONS CUSTOMERS
PURSUANT TO COMMISSION REGULATION 30.7

FUNDS DEPOSITED IN SEPARATE REGULATION 30.7 ACCOUNTS

| | | | |
|---|----|-----------------------|----------------------|
| 1. Cash in banks | | | |
| A. Banks located in the United States | \$ | <u>301,818,112</u> | <u>7500</u> |
| B. Other banks designated by the Commission | | | |
| Name(s): <u>0</u> | | <u>156,529,391</u> | <u>7520</u> |
| | \$ | | <u>458,347,503</u> |
| | | | <u>7530</u> |
| 2. Securities | | | |
| A. In safekeeping with banks located in the United States | \$ | <u>643,940,338</u> | <u>7540</u> |
| B. In safekeeping with other banks designated by the Commission | | | |
| Name(s): <u>0</u> | | <u>0</u> | <u>7560</u> |
| | | | <u>643,940,338</u> |
| | | | <u>7570</u> |
| 3. Equities with registered futures commission merchants | | | |
| A. Cash | \$ | <u>0</u> | <u>7580</u> |
| B. Securities | | <u>0</u> | <u>7590</u> |
| C. Unrealized gain (loss) on open futures contracts | | <u>0</u> | <u>7600</u> |
| D. Value of long option contracts | | <u>0</u> | <u>7610</u> |
| E. Value of short option contracts | (| <u>0</u>) | <u>7615</u> |
| | | | <u>0</u> |
| | | | <u>7680</u> |
| 4. Amounts held by clearing organizations of foreign boards of trade | | | |
| Name(s): <u>0</u> | | | <u>7630</u> |
| A. Cash | \$ | <u>0</u> | <u>7640</u> |
| B. Securities | | <u>0</u> | <u>7650</u> |
| C. Amount due to (from) clearing organizations - daily variation | | <u>0</u> | <u>7660</u> |
| D. Value of long option contracts | | <u>0</u> | <u>7670</u> |
| E. Value of short option contracts | (| <u>0</u>) | <u>7675</u> |
| | | | <u>0</u> |
| | | | <u>7680</u> |
| 5. Amounts held by members of foreign boards of trade | | | |
| Name(s): <u>0</u> | | | <u>7690</u> |
| A. Cash | \$ | <u>784,688,331</u> | <u>7700</u> |
| B. Securities | | <u>479,057,215</u> | <u>7710</u> |
| C. Unrealized gain (loss) on open futures contracts | | <u>21,353,485</u> | <u>7720</u> |
| D. Value of long option contracts | | <u>33,287,080</u> | <u>7730</u> |
| E. Value of short option contracts | (| <u>(20,091,623)</u>) | <u>7735</u> |
| | | | <u>1,298,294,488</u> |
| | | | <u>7740</u> |
| 6. Amounts with other depositories designated by a foreign board of trade | | | |
| Name(s): <u>0</u> | | | <u>7750</u> |
| | | | <u>0</u> |
| | | | <u>7760</u> |
| 7. Segregated funds on hand (describe: _____) | | | |
| | | | <u>0</u> |
| | | | <u>7765</u> |
| 8. Total funds in separate section 30.7 accounts (to page 15 line 2) | | | |
| | \$ | <u>2,400,582,329</u> | <u>7770</u> |

A. If any securities shown are other than the types of securities referred to in CFTC Regulation 1.25, attach a separate schedule detailing the obligations shown on each such line.

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STATEMENT OF SEQUESTRATION REQUIREMENTS AND
FUNDS IN CLEARED OTC DERIVATIVES SEQUESTERED ACCOUNTS

CLEARED OTC DERIVATIVES CUSTOMER REQUIREMENTS

| | | | |
|---|----|-------------------|---|
| 1. Net ledger balance | | | |
| A. Cash | | \$ | <u>587,423,334</u> 8500 |
| B. Securities (at market) | | | <u>1,187,902,719</u> 8510 |
| 2. Net unrealized profit (loss) in open cleared OTC derivatives | | | <u>948,133,390</u> 8520 |
| 3. Cleared OTC derivatives options | | | |
| A. Market value of open cleared OTC derivatives option contracts purchased | | | <u>0</u> 8530 |
| B. Market value of open cleared OTC derivatives option contracts granted (sold) | | (| <u>0</u> 8540 |
| 4. Net equity (deficit) (add lines 1, 2 and 3) | | \$ | <u>2,723,459,443</u> 8550 |
| 5. Accounts liquidating to a deficit and accounts with debit balances | | | |
| - gross amount | \$ | <u>33,064,678</u> | 8560 |
| Less: amount offset by customer owned securities | (| <u>33,000,527</u> | 8570 |
| 6. Amount required to be sequestered for cleared OTC derivatives customers (add lines 4 and 5) | | | <u>64,151</u> 8580 |
| | | \$ | <u>2,723,523,594</u> 8590 |

FUNDS IN CLEARED OTC DERIVATIVES CUSTOMER SEQUESTERED ACCOUNTS

| | | | |
|--|--|----|---|
| 7. Deposited in cleared OTC derivatives customer sequestered accounts at banks | | | |
| A. Cash | | \$ | <u>380,390,301</u> 8600 |
| B. Securities representing investment of customers' funds (at market) | | | <u>0</u> 8610 |
| C. Securities held for particular customers or option customers in lieu of cash (at market) | | | <u>7,885,179</u> 8620 |
| 8. Margins on deposit with derivatives clearing organizations in cleared OTC derivatives customer sequestered accounts | | | |
| A. Cash | | | <u>1,300,999,453</u> 8630 |
| B. Securities representing investment of customers' funds (at market) | | | <u>0</u> 8640 |
| C. Securities held for particular customers or option customers in lieu of cash (at market) | | | <u>1,180,017,540</u> 8650 |
| 9. Net settlement from (to) derivatives clearing organizations | | | <u>(40,287,446)</u> 8660 |
| 10. Cleared OTC derivatives options | | | |
| A. Value of open cleared OTC derivatives long option contracts | | | <u>0</u> 8670 |
| B. Value of open cleared OTC derivatives short option contracts | | (| <u>0</u> 8680 |
| 11. Net equities with other FCMs | | | |
| A. Net liquidating equity | | | <u>0</u> 8690 |
| B. Securities representing investment of customers' funds (at market) | | | <u>0</u> 8700 |
| C. Securities held for particular customers or option customers in lieu of cash (at market) | | | <u>0</u> 8710 |
| 12. Cleared OTC derivatives customer funds on hand | | | <u>0</u> 8715 |
| 13. Total amount in sequestration (add lines 7 through 12) | | \$ | <u>2,829,005,027</u> 8720 |
| 14. Excess (deficiency) funds in sequestration (subtract line 6 from line 13) | | \$ | <u>105,481,433</u> 8730 |