Morgan Stanley

Morgan Stanley

Resolution Plan

June 29, 2012

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Table of Defined Terms

165(d) Resolution Plan	Resolution Plan in accordance with the requirements of Section 165(d) of the Dodd-Frank Act
AFS	Available for Sale
ALCO	Asset/Liability Management Committee
AM	Asset Management
AML	Anti Money Laundering
Bankruptcy Code	Title 11 of the U.S. Code
BCRM	Bank Credit Risk Management
BDP	Bank Deposit Program
BHC	Bank Holding Company
Board	Board of Directors
CIC	China Investment Corporation, Ltd.
CIDI	Covered Insured Depository Institution
CLS Bank	CLS Bank International
CME	Chicago Mercantile Exchange
CSSC	Corporate Services Support Corp.
DIF	Deposit Insurance Fund
Dodd-Frank	Dodd-Frank Wall Street Reform and Consumer Protection Act
DSA	Deposit Sweep Agreement
DSRO	Designated Self-Regulatory Organization
DTCC	Depository Trust Clearing Corporation
FA	Financial Advisor
FDI Act	Federal Deposit Insurance Act
FDIC	Federal Deposit Insurance Corporation
Federal Reserve	Federal Reserve
Fedwire Funds	Fedwire Funds Service
Fedwire Securities	Fedwire Securities Service
FHC	Financial Holding Company
Final 165(d) Rule	12 CFR Part 243 (Federal Reserve) or 12 CFR Part 381 (FDIC), dated November 1, 2011
Final Rule	FDIC's Final Rule – Resolution plans required for insured depository institution with $50 billion or more of total assets
Firm	Morgan Stanley, on a consolidated basis
FX	Foreign Exchange
GWM	Global Wealth Management Group
IDI Resolution Plan	Resolution Plan in accordance with the Final Rule adopted by the FDIC
ICAAP	Internal Capital Adequacy Assessment Process
ICE	Intercontinental Exchange
IDI	Insured Depository Institution
ISG	Institutional Securities Group
MIS	Management Information System
MS Parent	Morgan Stanley parent entity, on an unconsolidated basis
MSBNA	Morgan Stanley Bank, N.A.
MSBNA Board	MSBNA Board of Directors
MSCG	Morgan Stanley Capital Group Inc.
MSCO	Morgan Stanley & Co. LLC
MSCS	Morgan Stanley Capital Services LLC
MSFI	MS Financing Inc.
MSII	Morgan Stanley International Incorporated
MSIM Inc.	Morgan Stanley Investment Management, Inc.
MSIM Ltd.	Morgan Stanley Investment Management Limited
MSIP	Morgan Stanley & Co. International plc
MSJG	Morgan Stanley Japan Group Co., Ltd.
MSMS	Morgan Stanley MUFG Securities Co., Ltd.
MSPBNA	Morgan Stanley Private Bank, N.A.
MSSB	Morgan Stanley Smith Barney LLC
MSSBF	Morgan Stanley Smith Barney Financing LLC
MSSBH	Morgan Stanley Smith Barney Holdings LLC
MSSSI	MS Securities Services Inc.
MSUKG	Morgan Stanley UK Group
MSUKL	Morgan Stanley UK Limited
MUFG	Mitsubishi UFJ Financial Group
OCC	Office of the Comptroller of the Currency
OTC Derivatives	Over-the-counter derivatives that are not listed and are between two parties directly
PLA	Portfolio Loan Account
T&D	Technology and Data
TARGET2	Euro Interbank Payment System

Introduction

Morgan Stanley (on a consolidated basis, the “Firm”) supports regulatory changes made since 2008 that mitigate systemic risk and improve global financial stability. One such regulatory change is the requirement for financial institutions to submit a resolution plan. The Firm believes that resolution planning should be a key element of systemic regulation to help protect the soundness of the global financial system.

As required by regulation, the Firm’s resolution plan is provided in two parts:

1. The Firm’s “165(d) Resolution Plan”, which has been developed in accordance with the requirements of Section 165(d) of the Dodd-Frank Act and regulations implementing such law adopted by the Federal Reserve and the FDIC. The public section of the 165(d) Resolution Plan is provided in Section A herein.

2. Morgan Stanley Bank, N.A.’s "IDI Resolution Plan", which has been developed in accordance with the final rule adopted by the FDIC for resolution plans required for insured depository institutions with $50 billion or more in total assets. The public section of the IDI Resolution Plan is provided in Section B herein.

The Firm’s resolution plan does not rely on the provision of extraordinary support by the U.S. or any other government to the Firm or its subsidiaries and would result in no loss to the FDIC deposit insurance fund. The 165(d) Resolution Plan describes how the Firm could be resolved within a reasonable period of time, without reliance on extraordinary government support and in a manner that substantially mitigates the risk that the failure of the Firm would have serious adverse effects on financial stability in the United States.

Section A

165(d) Resolution Plan

1 Overview of Resolution Plan

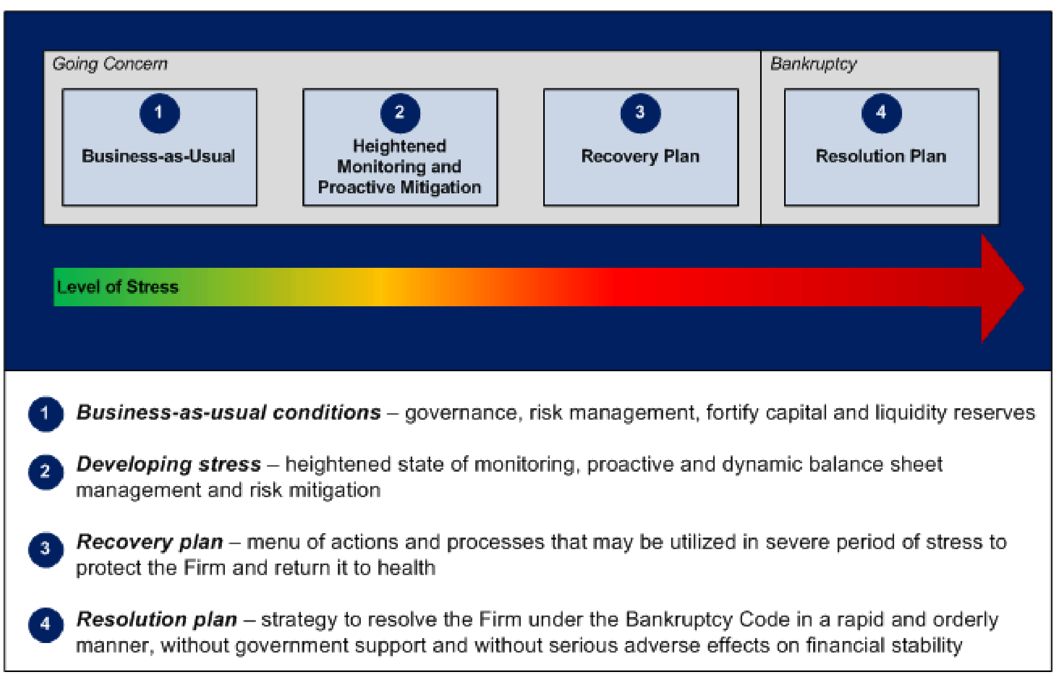
The Firm is a global financial services institution that, through its financial holding company ("MS Parent") and its subsidiaries and affiliates, provides products and services to a large and diversified group of clients and customers, including corporations, governments, financial institutions and individuals.

The Firm's 165(d) Resolution Plan describes its businesses and strategies for a rapid and orderly resolution in the event of material financial distress or failure. The 165(d) Resolution Plan has been developed in accordance with the requirements of Section 165(d) of the Dodd-Frank Act and regulations implementing such law adopted by the Federal Reserve and FDIC.

In accordance with such requirements, the 165(d) Resolution Plan describes how MS Parent could be resolved under the Bankruptcy Code within a reasonable period of time, without reliance on extraordinary government support and in a manner that substantially mitigates the risk that the failure of the Firm would have serious adverse effects on financial stability in the United States.

Resolution planning is one element in the Firm's continuum of strategic planning, which focuses on contingency planning across several phases of potential stress, as illustrated in Figure 1 below.

Figure 1: Firm Resolution Planning and Management



While recovery and resolution plans are important risk management tools, the Firm strives to ensure that they will never need to be used. During the past four years, the Firm has meaningfully de-risked while fundamentally strengthening its business position:

- **Strengthened balance sheet, funding and capital**
  - *Balance Sheet*: Significant reduction in size of balance sheet
  - *Short-Term Borrowings*: No reliance on 2a7 funds or commercial paper
  - *Liquidity*: Built high quality and large liquidity buffer based on dynamic contingency funding plan
  - *Secured Funding*: Obtained longer term financing, with weighted average maturity of less liquid assets in excess of 120 days
  - *Deposits*: $66 billion in subsidiary bank deposits makes the Firm the 15th largest deposit-taker in the US[1]
  - *Capital*: Tier 1 common and total capital increased through retained earnings and the conversion of convertible preferred investments held by CIC and MUFG
- **Solidified MUFG partnership**
  - Partnership with MUFG represents a major strategic positive with an approximately 22% common equity stake, two seats on the Board and business joint ventures across institutional businesses globally
- **Exit from legacy issues**
  - The Firm has proactively resolved legacy issues, such as the MBIA settlement
- **Strong risk discipline**
  - Rigorous and frequent stress-testing, significant market and credit risk limits, enhanced risk governance
- **Enhanced business mix**
  - Investment banking franchise remains the industry leader
  - Gained market share across sales and trading businesses
  - Wealth management generates strong, stable revenues while leading the industry in fee-based assets

[1] Source: SNL Financial

2 Names of Material Entities

"Material Entity" means a subsidiary or foreign office of the Firm that is significant to the Firm's core and critical activities. The Firm has identified eighteen Material Entities for purposes of the 165(d) Resolution Plan. The Firm's Material Entities were determined to ensure that a substantial majority of the Firm's activities would be captured in the 165(d) Resolution Plan. The Firm's Material Entities are listed in Figure 2 below.

Figure 2: Material Entities

Name	Short Name	Country	Type
Corporate Services Support Corp.	CSSC	U.S.	Service company
K.K. Morgan Stanley Tokyo Properties	KKMS	Japan	Service company
Morgan Stanley & Co. International plc	MSIP	U.K.	Broker-dealer
Morgan Stanley & Co. LLC	MSCO	U.S.	Broker-dealer, Futures commission merchant
Morgan Stanley Bank, N.A.	MSBNA	U.S.	National bank
Morgan Stanley Capital Group Inc.	MSCG	U.S.	Commodities, swap dealer
Morgan Stanley Capital Services LLC	MSCS	U.S.	OTC derivatives U.S. swap dealer
Morgan Stanley International Incorporated	MSII	U.S.	Service company
Morgan Stanley Investment Management Limited	MSIM Ltd.	U.K.	Investment advisor
Morgan Stanley Investment Management, Inc.	MSIM Inc.	U.S.	Investment advisor
Morgan Stanley Japan Group Co., Ltd.	MSJG	Japan	Service company
Morgan Stanley MUFG Securities Co., Ltd.	MSMS	Japan	Broker-dealer
Morgan Stanley Smith Barney Financing LLC	MSSBF	U.S.	Service company
Morgan Stanley Smith Barney LLC	MSSB	U.S.	Broker-dealer, Futures commission merchant
Morgan Stanley UK Group	MSUKG	U.K.	Service company
Morgan Stanley UK Limited	MSUKL	U.K.	Service company
MS Financing Inc.	MSFI	U.S.	Service company
MS Securities Services Inc.	MSSSI	U.S.	Broker-dealer

3 Description of Core Business Lines

"Core Business Line" means a business line of the Firm, including associated operations, services, functions and support, which upon failure would result in a material loss of revenue, profit, or franchise value. The Firm has three Core Business Lines: Institutional Securities, Global Wealth Management Group and Asset Management.

3.1 Institutional Securities

The Firm provides financial advisory and capital-raising services to a diverse group of corporate and other institutional clients globally, primarily through wholly owned subsidiaries that include MSCO and MSIP, and certain joint venture entities that include MSMS. The Firm, primarily through these entities, also conducts sales and trading activities worldwide such as trading in equity and equity-related products, and fixed income and commodities. The Firm also provides related financing services on behalf of institutional investors.

3.2 Global Wealth Management Group

The Firm's Global Wealth Management Group, which includes the Firm's 51% interest in Morgan Stanley Smith Barney Holdings LLC, the holding company and ultimate parent of MSSB, provides comprehensive financial services to clients through a network of more than 17,500 global representatives in approximately 765 locations at year-end. GWM also provides brokerage and investment advisory services covering various types of investments, engages in fixed income principal trading to facilitate clients' trading or investments in such securities, offers its clients access to several cash management services through various banks and other third parties, provides trust and fiduciary services, offers access to cash management and commercial credit solutions to qualified small- and medium-sized businesses in the U.S., and provides individual and corporate retirement solutions.

GWM clients consist of individual investors and small-to-medium sized businesses and institutions with an emphasis on ultra high net worth, high net worth and affluent investors. GWM provides clients a variety of ways to establish a relationship and conduct business, including brokerage accounts with transaction-based pricing and investment advisory accounts with asset-based fee pricing.

3.3 Asset Management

The Firm's Asset Management business is a global investment management organization and offers clients a diverse array of equity, fixed income and alternative investments and merchant banking strategies. Portfolio managers located in the U.S., Europe and Asia manage investment products ranging from money market funds to equity and fixed income strategies, alternative investment and merchant banking products in developed and emerging markets across geographies and market cap ranges.

The Firm offers a range of alternative investment, real estate investing and merchant banking products for institutional investors and high net worth individuals. The Firm's alternative investments platform includes funds of hedge funds, funds of private equity funds and portable alpha strategies. The Firm's alternative investments platform also includes minority stakes in Lansdowne Partners, Avenue Capital Group and Traxis Partners LP. The Firm's real estate and merchant banking businesses include its real estate investing business, private equity funds, corporate mezzanine debt investing group and infrastructure investing group. The Firm typically acts as general partner of, and investment advisor to, its alternative investment, real estate and merchant banking funds and typically commits to invest a minority of the capital of such funds with subscribing investors contributing the majority.

4 Summary of Financial Information Regarding Assets, Liabilities, Capital and Major Funding Sources

Figure 3 shows the Firm's Condensed Consolidated Statement of Financial Position (unaudited) from the Firm's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2012 (the "Form 10-Q"). See the Notes to such Condensed Consolidated Financial Statements in the Form 10-Q, as well as the Firm's discussion of its liquidity and capital resources, including balance sheet management, capital management, liquidity risk management framework, funding management, off-balance sheet arrangements, commitments and applicable regulatory requirements.

Figure 3: Morgan Stanley Financial Summary – Balance Sheet, Q1 2012

MORGAN STANLEY

Condensed Consolidated Statements of Financial Condition
(dollars in millions, except share data)
(unaudited)

	March 31, 2012	December 31, 2011
Assets		
Cash and due from banks ($534 and $511 at March 31, 2012 and December 31, 2011, respectively, related to consolidated variable interest entities generally not available to the Company)	$ 10,133	$ 13,165
Interest bearing deposits with banks	28,592	34,147
Cash deposited with clearing organizations or segregated under federal and other regulations or requirements	30,152	29,454
Financial instruments owned, at fair value (approximately $144,873 and $140,749 were pledged to various parties at March 31, 2012 and December 31, 2011, respectively):		
U.S. government and agency securities	59,690	63,449
Other sovereign government obligations	32,235	29,059
Corporate and other debt ($3,442 and $3,007 at March 31, 2012 and December 31, 2011, respectively, related to consolidated variable interest entities, generally not available to the Company)	69,518	68,923
Corporate equities	59,063	47,966
Derivative and other contracts	40,016	48,064
Investments ($1,797 and $1,666 at March 31, 2012 and December 31, 2011, respectively, related to consolidated variable interest entities, generally not available to the Company)	8,329	8,195
Physical commodities	9,573	9,697
Total financial instruments owned, at fair value	278,424	275,353
Securities available for sale, at fair value	32,528	30,495
Securities received as collateral, at fair value	17,728	11,651
Federal funds sold and securities purchased under agreements to resell (includes $318 and $112 at fair value at March 31, 2012 and December 31, 2011, respectively)	136,451	130,155
Securities borrowed	141,610	127,074
Receivables:		
Customers	38,962	33,977
Brokers, dealers and clearing organizations	5,718	5,248
Fees, interest and other	10,263	9,444
Loans (net of allowances of $26 and $17 at March 31, 2012 and December 31, 2011, respectively)	16,729	15,369
Other investments	4,688	4,832
Premises, equipment and software costs (net of accumulated depreciation of $5,079 and $4,852 at March 31, 2012 and December 31, 2011, respectively) ($231 and $234 at March 31, 2012 and December 31, 2011, respectively, related to consolidated variable interest entities, generally not available to the Company)	6,410	6,457
Goodwill	6,700	6,686
Intangible assets (net of accumulated amortization of $994 and $910 at March 31, 2012 and December 31, 2011, respectively) (includes $99 and $133 at fair value at March 31, 2012 and December 31, 2011, respectively)	4,170	4,285
Other assets ($343 and $446 at March 31, 2012 and December 31, 2011, respectively, related to consolidated variable interest entities, generally not available to the Company)	11,772	12,106
Total assets	$781,030	$749,898

	March 31, 2012	December 31, 2011
Liabilities and Equity		
Deposits (includes $1,980 and $2,101 at fair value at March 31, 2012 and December 31, 2011, respectively)	$ 66,441	$ 65,662
Commercial paper and other short-term borrowings (includes $1,321 and $1,339 at fair value at March 31, 2012 and December 31, 2011, respectively)	2,017	2,843
Financial instruments sold, not yet purchased, at fair value:		
U.S. government and agency securities	25,589	19,630
Other sovereign government obligations	26,354	17,141
Corporate and other debt	8,547	8,410
Corporate equities	27,725	24,497
Derivative and other contracts	42,765	46,453
Physical commodities	—	16
Total financial instruments sold, not yet purchased, at fair value	130,980	116,147
Obligation to return securities received as collateral, at fair value	23,366	15,394
Securities sold under agreements to repurchase (includes $347 and $348 at fair value at March 31, 2012 and December 31, 2011, respectively)	107,330	104,800
Securities loaned	34,431	30,462
Other secured financings (includes $13,081 and $14,594 at fair value at March 31, 2012 and December 31, 2011, respectively) ($1,918 and $2,316 at March 31, 2012 and December 31, 2011, respectively, related to consolidated variable interest entities and are non-recourse to the Company)	21,435	20,719
Payables:		
Customers	119,045	117,241
Brokers, dealers and clearing organizations	12,143	4,082
Interest and dividends	2,712	2,292
Other liabilities and accrued expenses ($117 and $121 at March 31, 2012 and December 31, 2011, respectively, related to consolidated variable interest entities and are non-recourse to the Company)	13,815	15,944
Long-term borrowings (includes $43,224 and $39,663 at fair value at March 31, 2012 and December 31, 2011, respectively)	176,723	184,234
	710,438	679,820
Commitments and contingent liabilities (see Note 11)		
Equity		
Morgan Stanley shareholders' equity:		
Preferred stock	1,508	1,508
Common stock, $0.01 par value; Shares authorized: 3,500,000,000 at March 31, 2012 and December 31, 2011; Shares issued: 2,038,893,979 at March 31, 2012 and 1,989,377,171 at December 31, 2011; Shares outstanding: 1,978,337,922 at March 31, 2012 and 1,926,986,130 at December 31, 2011	20	20
Paid-in capital	22,930	22,836
Retained earnings	40,118	40,341
Employee stock trust	3,252	3,166
Accumulated other comprehensive loss	(60)	(157)
Common stock held in treasury, at cost, $0.01 par value; 60,556,057 shares at March 31, 2012 and 62,391,041 shares at December 31, 2011	(2,192)	(2,499)
Common stock issued to employee trust	(3,252)	(3,166)
Total Morgan Stanley shareholders' equity	62,324	62,049
Noncontrolling interests	8,268	8,029
Total equity	70,592	70,078
Total liabilities and equity	$781,030	$749,898

The Firm had a total capital ratio of 17.5% and a tier 1 capital ratio of 16.3% at 2011 year end, which exceeds the Firm's regulatory capital requirements of a total capital ratio of 10% and a tier 1 capital ratio of 6%. The following table summarizes the capital measures for the Firm:

	March 31, 2012		December 31, 2011	
	Balance	Ratio	Balance	Ratio
	(dollars in millions)			
Tier 1 common capital(1)(2)	$ 42,151	13.3%	$ 39,785	12.7%
Tier 1 capital(2)	53,527	16.8%	51,114	16.3%
Total capital(2)	57,587	18.1%	54,956	17.5%
RWAs(2)	317,693	—	314,055	—
Adjusted average assets(2)	760,071	—	769,578	—
Tier 1 leverage(2)	—	7.0%	—	6.6%

(1) Tier 1 common capital ratio equals Tier 1 common capital divided by RWAs. On December 30, 2011, the Federal Reserve formalized regulatory definitions for Tier 1 common capital and Tier 1 common capital ratio. The Federal Reserve defined Tier 1 common capital as Tier 1 capital less non-common elements in Tier 1 capital, including perpetual preferred stock and related surplus, minority interest in subsidiaries, trust preferred securities and mandatory convertible preferred securities. Previously, the Company's definition of Tier 1 common capital included all of the items noted in the Federal Reserve's definition, but it also included an adjustment for the portion of goodwill and non-servicing intangible assets associated with MSSB's noncontrolling interests (i.e., Citigroup, Inc.'s ("Citi") share of MSSB's goodwill and intangibles). The Company's conformance to the Federal Reserve's definition under the final rule reduced its Tier 1 common capital and Tier 1 common ratio by approximately $4.2 billion and 132 basis points, respectively at December 31, 2011.

(2) The December 31, 2011 deferred tax asset disallowance was adjusted by approximately $1.2 billion, resulting in a reduction to the Company's Tier 1 common capital, Tier 1 capital, Total capital, RWAs and adjusted average assets by such amount, Tier 1 common capital ratio, Tier 1 capital ratio and Total capital ratio by approximately 30 basis points and Tier 1 leverage ratio by approximately 20 basis points.

5 Derivative and Hedging Activities

With respect to derivatives, the Firm trades, makes markets and takes positions globally in listed futures, OTC swaps, forwards, options and other derivatives referencing, among other things, interest rates, currencies, investment grade and non-investment grade corporate credits, loans, bonds, U.S. and other sovereign securities, emerging market bonds and loans, credit indices, asset-backed security indices, property indices, mortgage-related and other asset-backed securities, and real estate loan products. The Firm uses these instruments for trading, foreign currency exposure management and asset and liability management.

The Firm manages its trading positions by employing a variety of risk mitigation strategies. These strategies include diversification of risk exposures and hedging. Hedging activities consist of the purchase or sale of positions in related securities and financial instruments, including a variety of derivative products (e.g., futures, forwards, swaps and options). Hedging activities may not always provide effective mitigation against trading losses due to differences in the terms, specific characteristics or other basis risks that may exist between the hedge instrument and the risk exposure that is being hedged. The Firm manages the market risk associated with its trading activities on a worldwide trading division level and on an individual product basis; market risk is monitored by the independent Market Risk Department and reported to management on a regular basis. The Firm manages and monitors its market risk exposures in such a way as to maintain a portfolio that the Firm believes is well-diversified in the aggregate with respect to market risk factors and that reflects the Firm's aggregate risk tolerance as established by the Firm's senior management and overseen by the Board of Directors.

Credit risk with respect to derivative instruments arises from the failure of a counterparty to perform according to the terms of the contract. The Firm's exposure to credit risk from OTC derivatives is represented by the fair value of the derivative contracts reported as assets. The Firm generally enters into master netting agreements and collateral arrangements with counterparties in connection with its OTC derivatives, providing the Firm with the ability to offset a counterparty's rights and obligations, request additional collateral when necessary or liquidate the collateral in the event of counterparty default.

The Firm enters into credit derivatives, principally through credit default swaps, under which it receives or provides protection against the risk of default on a set of debt obligations issued by a specified reference entity or entities. A majority of the Firm's counterparties are banks, broker-dealers, insurance and other financial institutions. The Firm manages its exposure to credit derivatives through a variety of risk mitigation strategies, which include purchase of credit protection, managing the credit and correlation risk across single name, non-tranched indices and baskets, tranched indices and baskets, cash positions and routinely monitored aggregate market risk limits.

6 Memberships in Material Payment, Clearing and Settlement Systems

Figure 4 contains a list of the Firm's memberships in material payment, clearing and settlement systems.

Figure 4: Payment, Clearing and Settlement Systems

Relationship	System
Central Securities Depositories	CrestCo Ltd. (CREST)
	Depository Trust Company (DTC)
Clearinghouses	CME Group Inc.
	Eurex Clearing AG (ECAG)
	Fixed Income Clearing Corporation (FICC)
	ICE Clear Europe
	ICE Clear U.S.
	LCH Clearnet Ltd.
	LCH Clearnet SA
	Japan Securities Clearing Corporation (JSCC)
	JASDEC DVP Clearing Corporation
	National Securities Clearing Corporation (NSCC)
	Options Clearing Corporation
Foreign Exchange Settlements	CLS Bank International
International Central Securities Depositories	Clearstream Banking S.A.
	Euroclear Bank
Real-Time Gross Settlement	Fedwire Funds Service
	TARGET2
Telecommunication Platform	Society for Worldwide Interbank Financial Telecommunication (SWIFT)

7 Foreign Operations

The Firm conducts its business from its headquarters in New York City, its regional offices and branches throughout the U.S. and its principal offices in London, Tokyo, Hong Kong and other world financial centers. As of December 31, 2011, the Firm had 61,899 employees worldwide in more than 1,200 offices in 37 countries.

The net revenues and total assets disclosed in Figure 5 reflect the regional view of the Firm’s consolidated net revenues and total assets on a managed basis, based on the following methodology:

- *Institutional Securities*: advisory and equity underwriting - client location; debt underwriting - revenue recording location; sales and trading - trading desk location
- *Global Wealth Management Group*: global representative coverage location

- *Asset Management*: client location, except for Merchant Banking and Real Estate Investing businesses, which are based on asset location

Figure 5: Net Revenues by Region

Net Revenues	Three Months Ended March 31, 2012	2011
	(dollars in millions)	
Americas	$4,790	$5,466
Europe, Middle East, and Africa	1,154	1,667
Asia	991	441
Net revenues	$6,935	$7,574

The Firm's non-U.S. business activities are principally conducted through European and Asian locations. The following are the Firm's non-U.S. Material Operating Entities and the products and services they focus on:

- *MSIP*: MSIP is the Firm's primary U.K. institutional broker-dealer and an authorized financial services firm in the U.K. MSIP operates branches in Dubai International Financial Centre, France, Korea, Netherlands, New Zealand, Poland, Qatar Financial Centre and Switzerland. MSIP focuses on Investment Banking, Fixed Income Sales and Trading, Equity Sales and Trading, Commodities Sales and Trading, Foreign Exchange Sales and Trading, Secured Financing and Research.
- *MSIM Ltd.*: MSIM Ltd. is the Firm's primary U.K. institutional investment advisor and an authorized financial services firm in the U.K. that engages in portfolio management services on a discretionary basis for institutional clients and pooled vehicles. MSIM Ltd. also provides distribution services (via a network of third-party intermediaries) for sponsored pooled vehicles. MSIM Ltd. is an entity used for the Firm's Asset Management business. MSIM Ltd. operates branches in Greece, Luxembourg and the Netherlands.
- *MSMS*: MSMS is the Firm's primary institutional broker-dealer in Japan and is operated as securities joint venture with Mitsubishi UFJ Financial Group, Inc. MSMS is a registered securities dealer under the Japanese Financial Instruments and Exchange Act. MSMS focuses on Fixed Income Sales and Trading, Institutional Equity Sales and Trading, Global Capital Markets, Secured Financing and Research.

8 Material Supervisory Authorities

The Firm is a financial holding company regulated by the Federal Reserve under the Bank Holding Company Act of 1956, as amended.

As a bank holding company, MS Parent is subject to comprehensive consolidated supervision, regulation and examination by the Federal Reserve. As a result of the Dodd-Frank Act, the Federal Reserve also gained heightened authority to examine, prescribe regulations and take action with respect to all of the Firm's subsidiaries. In particular, as a result of the Dodd-Frank Act, the Firm is subject to (among other things) significantly revised and expanded regulation and supervision, to more intensive scrutiny of its businesses and plans for expansion of those businesses, to new activities limitations, to the Volcker Rule, to a systemic risk regime which will impose high capital and liquidity requirements, and to comprehensive new derivatives regulation. In addition, the Consumer Financial Protection Bureau has exclusive rulemaking and primary enforcement and examination authority over the Firm and its subsidiaries with respect to federal consumer financial laws, to the extent applicable. Figure 6 identifies other material supervisory authorities for the Firm's Material Entities.

Figure 6: Supervisory Authorities

Supervisor	Jurisdiction
Chicago Mercantile Exchange	U.S.
Commodity Exchange, now a division of CME	U.S.
Commodity Futures Trading Commission	U.S.
Federal Deposit Insurance Corporation	U.S.
Federal Energy Regulatory Commission	U.S.
Financial Industry Regulatory Authority, Inc.	U.S.
Municipal Securities Rule Board	U.S.
National Futures Association	U.S.
New York Mercantile Exchange, now a division of CME	U.S.
North American Securities Administrators Association	U.S.
Office of the Comptroller of the Currency	U.S.
Securities and Exchange Commission	U.S.
Financial Services Authority (United Kingdom)	U.K.
Bank of Japan	Japan
Financial Services Agency (Japan)	Japan
Japan Securities Dealers Association	Japan
Securities and Exchange Surveillance Commission	Japan

In addition, MSIP's branches in France, the Netherlands and Poland and MSIM Ltd.'s branches in Greece, Luxembourg and the Netherlands operate under the "passport" available to investment firms authorized in the European Union under the Markets in Financial Instruments Directive. MSIP's other branches are authorized by local regulators in each jurisdiction.

9 Principal Officers

The executive officers of MS Parent and their current titles are set forth below.

- James P. Gorman — Chairman of the Board of Directors and Chief Executive Officer and Director
- Gregory J. Fleming — Executive Vice President and President of Asset Management and President of Global Wealth Management Group
- Eric F. Grossman — Executive Vice President and Chief Legal Officer
- Keishi Hotsuki — Chief Risk Officer
- Colm Kelleher — Executive Vice President and Co-President of Institutional Securities
- Ruth Porat — Executive Vice President and Chief Financial Officer
- James A. Rosenthal — Executive Vice President and Chief Operating Officer
- Paul J. Taubman — Executive Vice President and Co-President of Institutional Securities

10 Resolution Planning Corporate Governance Structure and Processes

The Firm's Global Treasurer, who reports to the Chief Financial Officer, is directly responsible for the development, submission and ongoing maintenance of the 165(d) Resolution Plan and additional resolution planning documents relating specifically to MSBNA and the Firm's U.K. operations. The 165(d) Resolution Plan was developed by a dedicated, cross-functional team reporting regularly to the Global Treasurer, the Resolution Planning Steering Committee and other Firm governance bodies. The dedicated team coordinates the Firm's efforts across all front office and support functions. In addition, an Executive Review Committee consisting of the Chief Financial Officer, Chief Operating Officer and Chief Legal Officer, has been established to review key elements of the 165(d) Resolution Plan. Input has also been incorporated from other governance committees within the Firm.

The MS Parent Board and the Firm's Asset/Liability Management Committee have both reviewed and approved the 165(d) Resolution Plan. In addition, the MSBNA Management Committee and MSBNA Board of Directors have reviewed and approved the IDI Resolution Plan, which constitutes the resolution plan for MSBNA as a Material Entity under the 165(d) Resolution Plan.

11 Description of Material Management Information Systems

Management Information Systems ("MIS") refers broadly to the technology and information utilized by the Firm to make effective decisions in the management of the various businesses and support functions. It includes the infrastructure which is relied upon for the operation of applications, and the production of information used to make daily decisions in the management of the Firm.

The Technology and Data Division ("T&D") oversees all application development organizations within the Firm and the enterprise infrastructure groups which support those applications. T&D plays an important role in the management design, structure, and production of MIS within the Firm. MIS includes applications used in the generation of reports used to manage legal entity accounting, financial reporting, funding and liquidity management, capital, compliance, risk (credit, market, and operational), trading and operations.

The 165(d) Resolution Plan leverages the Firm's business continuity and disaster recovery plans to help identify systems and applications deemed important to the ongoing operation of the Firm's businesses and MIS capabilities. These systems and applications are classified by Tier ratings 1, 2 and 3 (Tier 1 being the highest priority) indicating the order in which they should be returned to service in the event of a failure. The Firm has identified system users with a dependency on the system and the data center locations of the systems. The data center information also contains specific information such as infrastructure, networks, hardware and location.

The functional groups reflected within the T&D organizational structure that support T&D functions have been identified within the 165(d) Resolution Plan, and locations or regions that T&D services are provided from have been highlighted.

The Firm has policies and procedures that govern the T&D control environment, which address information security requirements and infrastructure, application infrastructure, software development lifecycle, change management, security of systems and applications and business continuity.

12 High-level Description of Resolution Strategy Including Such Items as the Range of Potential Purchasers of the Firm, its Material Entities and Core Business Lines

The 165(d) Resolution Plan considers strategies for a hypothetical resolution of the Firm and its Material Entities in bankruptcy, under specialized resolution regimes such as the Securities Investor Protection Act or under foreign law, as applicable. Although the Firm could alternatively be resolved under the Orderly Liquidation Authority created by Title II of the Dodd-Frank Act, the 165(d) Resolution Plan does not consider strategies under the Orderly Liquidation Authority.

The 165(d) Resolution Plan builds upon the Firm's Recovery Plan, which describes the Firm's strategy for managing through a potential period of severe stress that may threaten the Firm's viability. The Recovery Plan is designed so that management actions would be sufficient, timely, well-informed and decisive, with execution tightly enforced under a clear chain of command. The Recovery Plan, in turn, is built upon the Firm's business-as-usual and heightened monitoring risk management processes, which are designed to allow the Firm to proactively identify, monitor, manage and mitigate risk. Together, these processes form a continuum that aims to protect and fortify the Firm's foundation of capital and liquidity through potentially escalating periods of stress.

The Firm has invested meaningfully over the last several years to ensure that it has a robust, stable foundation of capital and liquidity. The Firm has also focused on stable and diverse sources of funding and has enhanced its approach to secured funding, including strong governance, investor diversification and increased weighted average maturity of liabilities. The Firm today obtains significantly longer-term secured financing than it did in 2008 and has substantially reduced reliance on overnight financing. This extended runway is meant to provide management with time to pro-actively and dynamically adjust the Firm's balance sheet in response to changes in funding markets. The Firm expects that this dynamic and conservative risk management framework would substantially change the nature of the Firm's balance sheet prior to resolution. In addition, the Firm is generally not a provider of financial market utility functions that would require continuation or transfer in the event of failure.

Section 165(d) and related supervisory guidance require each firm to assume that it has not executed its Recovery Plan before the point of failure and the commencement of resolution proceedings, that its hypothetical failure is caused by an idiosyncratic stress specific to the firm, and that macroeconomic and financial market conditions are as specified under the Supervisory Baseline Scenario provided by the Federal Reserve.

The 165(d) Resolution Plan's preferred approach contemplates the sale of certain relatively standalone and separable businesses and Material Entities, and the orderly unwind of remaining businesses and Material Entities in a manner that can be accomplished within a reasonable period of time and that substantially mitigates the risk of serious adverse effects on global and U.S. financial stability. Depending on the size and complexity of the businesses or entities to be sold, potential purchasers could include a broad range of buyers including but not limited to global, national and regional financial institutions, private equity and hedge funds, and other financial asset buyers such as insurance companies. The Firm's main U.S. insured depository institution provides several alternative resolution strategies including possible sales to global, national and regional financial institutions. In each of the strategies, insured depositors will have timely access to their funds, there would be no cost to the FDIC deposit insurance fund, and no serious adverse effects on global and U.S. financial stability.

Section B

IDI Resolution Plan

1 MSBNA Overview

1.1 Overview

MSBNA (“the Bank”) is an indirect, wholly-owned insured depository institution subsidiary of MS Parent. MSBNA had approximately $67 billion in assets as of December 31, 2011.

MSBNA's resolution plan (the "IDI Resolution Plan”) describes the Bank's businesses and its strategy for rapid and orderly resolution in the event of material financial distress or failure. The IDI Resolution Plan has been developed in accordance with the Final Rule adopted by the FDIC for Resolution Plans required for IDIs with $50 billion or more in total assets. The objective of this Final Rule is to provide the FDIC as receiver with the information it needs to make orderly and cost-effective resolutions much more feasible. The IDI Resolution Plan has been developed in coordination with the Firm, which is submitting a 165(d) Resolution Plan in accordance with the requirements of Section 165(d) of the Dodd-Frank Act and regulations implementing such law adopted by the Federal Reserve and the FDIC.

In accordance with such requirements, the IDI Resolution Plan describes how MSBNA could be resolved under Sections 11 and 13 of the FDI Act within a reasonable period of time and in a least costly manner. The IDI Resolution Plan and the Firm's resolution plan do not rely on the provision of extraordinary support by the U.S. or any other government to the Firm or its subsidiaries to prevent failure. This Resolution Plan illustrates how MSBNA can be resolved in a manner that ensures that depositors receive timely access to their insured deposits, maximizes the net present value return from the sale or disposition of its assets. The IDI Resolution Plan describes how the Bank can be resolved with no loss to the DIF.

1.2 Morgan Stanley Profile

MSBNA’s ultimate parent is Morgan Stanley, a Delaware corporation and the Firm’s top-tier holding company. Morgan Stanley is registered as a BHC and elected to become a FHC under the Gramm-Leach-Bliley Act amendments to the BHC Act.

The Firm is a global financial services company that provides products and services to a large and diversified group of clients and customers, including corporations, governments, financial institutions and individuals. The Firm conducts its business from its headquarters in New York, its regional offices throughout the United States, and its offices in London, Tokyo, Hong Kong and other world financial centers.

The Firm's business consists of three business lines: ISG, GWM and AM. A summary of the activities of each segment is further provided below.

A. ISG

The Firm provides financial advisory and capital-raising services to a diverse group of corporate and other institutional clients globally, primarily through wholly owned subsidiaries that include MSCO and MSIP, and certain joint venture entities that include MSMS. The Firm, primarily through these entities, also conducts sales and trading activities worldwide such as trading in equity and equity-related products, and fixed income and commodities. The Firm also provides related financing services on behalf of institutional investors.

B. GWM

The Firm's Global Wealth Management Group, which includes the Firm's 51% interest in Morgan Stanley Smith Barney Holdings LLC, the holding company and ultimate parent of MSSB, provides comprehensive financial services to clients through a network of more than 17,500 global representatives in approximately 765 locations at year-end. Global Wealth Management Group also provides brokerage and investment advisory services covering various types of investments, engages in fixed income principal trading to facilitate clients' trading or investments in such securities, offers its clients access to several cash management services through various banks and other third-parties, provides trust and fiduciary services, offers access to cash management and commercial credit solutions to qualified small- and medium-sized businesses in the U.S., and provides individual and corporate retirement solutions.

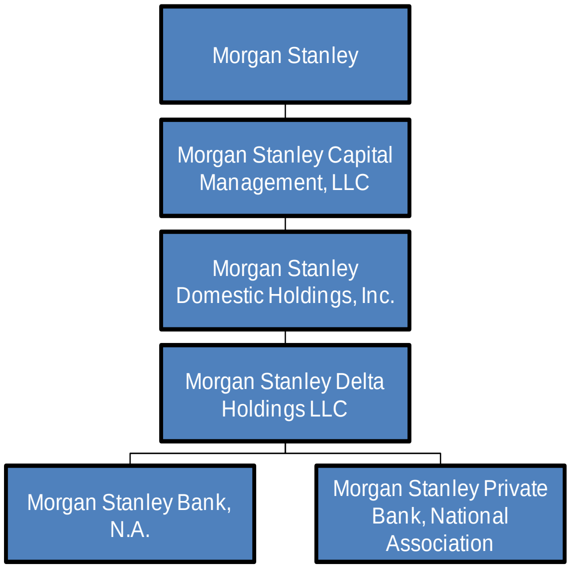
C. Asset Management

The Firm's Asset Management business is a global investment management organization and offers clients a diverse array of equity, fixed income and alternative investments and merchant banking strategies. Portfolio managers located in the U.S., Europe and Asia manage investment products ranging from money market funds to equity and fixed income strategies, alternative investment and merchant banking products in developed and emerging markets across geographies and market cap ranges.

1.3 Firm Banks

The Firm's wholly-owned FDIC-insured depository institution subsidiaries are MSBNA and MSPBNA. Figure 7 below illustrates the ownership structure of MSBNA and MSPBNA.

Figure 7: Current MSBNA and MSPBNA Ownership Structure



MS Capital Management, LLC, Morgan Stanley Domestic Holdings, Inc. and Morgan Stanley Delta Holdings, LLC are headquartered in New York, organized under the laws of Delaware, and conduct no commercial activity.

A. MSBNA

MSBNA is headquartered in Salt Lake City, Utah. MSBNA provides deposit and credit products, on a secured and unsecured basis, to the Firm's ISG and GWM clients and invests in high quality financial instruments. MSBNA is also the nexus for the Firm FX business.

B. MSPBNA

MSPBNA is headquartered in Purchase, New York and is chartered as a national bank. As of December 31, 2011, MSPBNA had approximately $12 billion in total assets. Given that MSPBNA's assets are below the Final Rule threshold, it is not required to prepare a resolution plan, and it is not covered under this Resolution Plan.

2 Overview of MSBNA Core Business Lines

MSBNA's Core Business Lines, as defined in the FDIC's Final Rule, are those businesses that represent the key business activities of MSBNA and reflect those assets, associated operations, services and functions that, in the view of MSBNA, upon failure would result in a material loss of revenue, profit or franchise value.

Based on this definition of Core Business Lines, MSBNA management has identified its Core Business Lines to be the following:

- Investment Portfolio
- PLA
- Senior Lending
- FX
- BDP

A. Investment Portfolio (AFS Portfolio, Cash and Reverse Repo)

The objectives of the investment management program include maintaining a readily available pool of liquidity, hedging the interest rate risk of MSBNA's retail deposits and enhancing MSBNA returns while maintaining acceptable asset quality and risk standards. The portfolio is managed under standards for composition, quality, diversification and related internal controls.

B. Portfolio Loan Account

MSBNA's PLA business provides non-purpose loans to clients secured by assets maintained in MSSB brokerage accounts. The facilities are cancellable, and the advances are repayable, upon demand. MSBNA has a first priority perfected security interest in this collateral.

C. Senior Lending

MSBNA's senior lending business activities consist of loans and commitments primarily to large corporate borrowers. These facilities are used for general corporate purposes, to backstop commercial paper, as bridge loans and to support merger and acquisition activity.

D. Foreign Exchange

The FX business provides execution in spot, forward and derivative currency markets to government and institutional clients (including sovereigns and government agencies, corporations, pension plans, hedge funds and mutual funds). FX operates as a global business with personnel in major financial centers. This business generates revenue through bid/offer spreads on client flows and the positioning of currency risk.

From late 2010 through early 2012, the Firm centralized the market risk of certain FX cash and options businesses at MSBNA from other affiliates. This allowed for diversification of MSBNA's revenue streams and centralized management of the activities that constitute a significant portion of the Firm's FX business.

E. Bank Deposit Program

Under MSBNA's BDP, free credit balances held by certain clients of MSSB in their securities accounts are transferred into MSBNA deposit accounts. The deposit accounts at MSBNA consist of money market deposit accounts and demand deposit accounts.

3 Consolidated Financial Information

3.1 Financial Overview

MSBNA has no material entities that are subject to consolidation. Below is MSBNA's balance sheet as of December 31, 2011.

Figure 8: MSBNA Balance Sheet

MSBNA Balance Sheet	Dec 31, 2011
Assets ($ Billions)	
Cash	12.2
Securities purchased under agreements to resell	9.6
Financial instruments owned, at fair value	0.1
Available for sale securities	28.0
Loans	16.2
All other assets	1.0
Total Assets	**67.1**
Liabilities ($ Billions)	
Deposits	54.8
Financial instruments sold, not yet purchased, at fair value	0.2
Long-term subordinated debt (held by MS Parent)	1.5
Other liabilities	1.7
Total Equity	8.9
Total Liabilities and Equity	**67.1**

3.2 Capital

MSBNA is currently subject to the Basel I capital framework. MSBNA has also adopted an ICAAP which ensures that its capitalization is commensurate with its risk profile. MSBNA uses current and forward looking measures to size the level of capital it needs to support its activities.

The key regulatory capital ratios as of December 31, 2011 are listed below.

Figure 9: MSBNA's Key Regulatory Capital Ratios

Ratio	Well Capitalized Ratios	MSBNA Capital Ratios
Tier 1 Leverage Ratio	5%	13.2%
Tier 1 Risk-Based Capital Ratio	6%	15.1%
Total Risk-Based Capital Ratio	10 %	17.8%

3.3 Funding

As shown in the balance sheet above, MSBNA's principal funding sources are deposits, capital, and subordinated debt. MSBNA has the ability to raise additional sources of funding, including deposits, Repos, and FHLB advances.

4 Derivative and Hedging Activities

MSBNA primarily enters into derivative transactions with affiliates to principally hedge the credit and market risk associated with its loans, deposits and derivative products. The Bank generally enters into master netting agreements and collateral arrangements with counterparties in connection with its OTC derivatives, providing MSBNA with the ability to offset a counterparty's rights and obligations, request additional collateral when necessary or liquidate the collateral in the event of counterparty default. Transactions with affiliates are fully collateralized.

The Bank's available for sale portfolio serves as a source of liquidity and offsets the interest rate risk of the deposits. The Bank does not conduct derivative transactions in its AFS portfolio.

5 List of Memberships in Material Payment, Clearing and Settlement Systems

MSBNA participates in the Federal Reserve's Fedwire Funds and Fedwire Securities services. Through its affiliates, MSBNA uses CLS Bank, ICE, LCH Clearnet Group, CME Group and TARGET2 for payment, clearing and settlement activities. Additionally, MSBNA uses a number of agent banks to clear cash and securities globally. MSBNA has securities safekeeping and clearing relationship with DTCC.

6 Description of Foreign Operations

MSBNA has no material operations outside the United States and does not have any branches.

7 Material Supervisory Authorities

MSBNA is a national bank, chartered and supervised by the OCC under the National Bank Act. The FDIC has back-up supervisory authority as the provider of federal deposit insurance. MSBNA is also subject to oversight by the Federal Reserve which is the umbrella supervisor for the Firm as a FHC.

In addition, the Consumer Financial Protection Bureau has exclusive rulemaking and primary enforcement and examination authority over the Firm and its subsidiaries with respect to certain federal consumer financial laws.

8 Principal Officers

Title	Name
Chief Executive Officer	Thomas Colm Kelleher
President	Charles Smith
Chief Financial Officer	Patrick Macejka
Chief Operating Officer	Susan E. Carroll

9 Resolution Planning Governance Structure and Processes

MSBNA's Treasurer, who reports to the Bank's Chief Financial Officer and to the Firm's Treasurer, is directly responsible for the development, submission and ongoing maintenance of the IDI Resolution Plan. The IDI Resolution Plan has been developed in concert with the 165(d) Resolution Plan, which has been developed by a dedicated, cross-functional team reporting regularly to the Firm's Treasurer, the Resolution Planning Steering Committee, and other Firm governance bodies. This dedicated team coordinates the Bank's and Firm's efforts across all business and service functions. In addition, members of MSBNA Management Committee have been involved in preparing or reviewing the IDI Resolution Plan. MSBNA's Management Committee and MSBNA's Board have received regular updates on the development of the resolution plan for both the Bank and the Firm. MSBNA Management Committee and MSBNA Board have reviewed and approved the MSBNA IDI plan.

10 Material Management Information Systems

Management Information Systems ("MIS") refers broadly to the technology and information utilized by MSBNA to make effective decisions in the management of the various businesses and support functions. It includes the infrastructure which is relied upon for the operation of applications, and the production of information used to make daily decisions in the management of the Bank.

The Technology and Data Group ("T&D") oversees all application development organizations within the Firm and the enterprise infrastructure groups which support those applications. T&D plays an important role in the management design, structure, and production of MIS within the Firm. MIS includes applications used in the generation of reports used to manage legal entity accounting, financial reporting, funding and liquidity management, capital, compliance, risk (credit, market, and operational), trading and operations.

The IDI Resolution Plan leverages MSBNA and the Firm's business continuity and disaster recovery plans to help identify systems and applications deemed important to the ongoing operation of the Firm's businesses and MIS capabilities. These systems and applications are classified by Tier ratings indicating the order in which they should be returned to service in the event of a failure. The Firm has identified system users with a dependency on the system and the data center locations of the systems. The data center information also contains specific information such as infrastructure, networks, hardware and location.

The functional groups reflected within the T&D organizational structure that support T&D functions have been identified within the IDI Resolution Plan, and locations or regions that T&D services are provided from have been highlighted.

The Bank and the Firm have policies and procedures that govern the T&D control environment, which address information security requirements and infrastructure, application infrastructure, software development lifecycle, change management, security of systems and applications and business continuity.

11 MSBNA Resolution Strategies

As required by supervisory guidance, the 165(d) Resolution Plan assumes that the hypothetical failure of MS Parent is caused by an idiosyncratic stress specific to the Firm and macroeconomic and financial market conditions are as specified under the Supervisory Baseline Scenario provided by the Federal Reserve. The IDI Resolution Plan considers the impact of this stress and has developed its resolution strategies to align with Firm strategies for a hypothetical resolution of the Firm and its Material Entities in bankruptcy, under specialized resolution regimes, such as the Securities Investor Protection Act or under foreign law, as applicable. In addition, MSBNA recognizes for planning purposes that MSBNA and its affiliates are generally not providers of financial market utility functions that would require continuation or transfer in the event of failure.

In accordance with such requirements, MSBNA's IDI Resolution Plan and the 165(d) Resolution Plan do not rely on the provision of extraordinary support by the U.S. or any other government to the Firm or its subsidiaries to prevent failure. The IDI Resolution Plan illustrates how MSBNA can be resolved in a manner designed to ensure that depositors receive timely access to their insured deposits, maximizes the net present value return from the sale or disposition of its assets. The IDI Resolution Plan describes how MSBNA can be resolved with no loss to the DIF.

MSBNA provides several alternative resolution strategies including possible sales to global, national and regional financial institutions. In each of the strategies, insured depositors will have timely access to their funds, there would be no cost to the FDIC deposit insurance fund and there would be no serious adverse effects on global and U.S. financial stability.