Morgan Stanley

Morgan Stanley

Resolution Plan

October 1, 2013

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Table of Defined Terms

165(d) Resolution Plan	Resolution plan prepared in accordance with the requirements of Section 165(d) of the Dodd-Frank Act
AFS	Available for Sale
ALCO	Asset/Liability Management Committee
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 of MS Parent
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
FDIA	Federal Deposit Insurance Act
FDIC	Federal Deposit Insurance Corporation
Federal Reserve	Federal Reserve Board of Governors of the Federal Reserve System
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 IDI 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
IDI Resolution Plan	Resolution plan prepared in accordance with the Final IDI Rule adopted by the FDIC
ICAAP	Internal Capital Adequacy Assessment Process
ICE	Intercontinental Exchange
IDI	Insured Depository Institution
ISG	Institutional Securities
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
MSUKG	Morgan Stanley UK Group
MSUKL	Morgan Stanley UK Limited
MUFG	Mitsubishi UFJ Financial Group, Inc.
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

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 IDI 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

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1 Overview of Resolution Plan

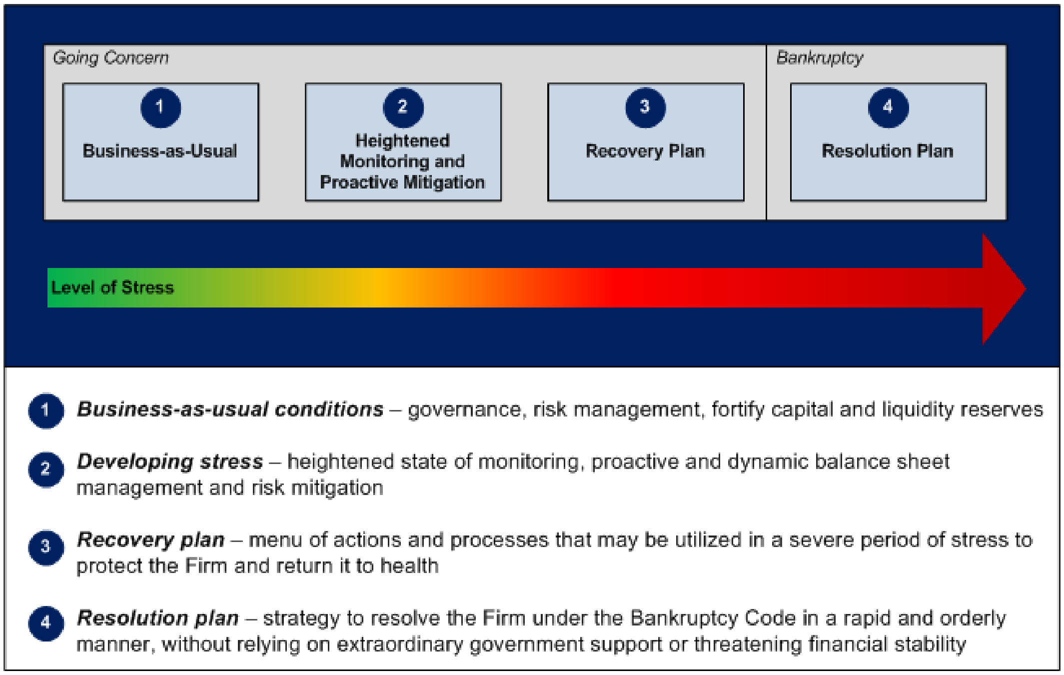
The Firm is a global financial services institution that, through its financial holding company ("MS Parent") and its subsidiaries and affiliates, provides products and services to a large and diversified group of clients and customers, including corporations, governments, financial institutions and 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, which may occur in accordance with the baseline, adverse, or severely adverse economic environments. 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 Exhibit 1 below.

Exhibit 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. Since 2008, 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 and substantial improvement in quality of assets, with Level 3 Assets as a percentage of Trading Assets down to 8% at December 31, 2012 from 20% at November 30, 2007.

– *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 and changing business needs.

– *Secured Funding*: Four pillars of secured funding ensure durability and stability of funding:

1. Significant Weighted Average Maturity: Enhanced durability by obtaining longer term financing, with weighted average maturity of less liquid assets in excess of 120 days;
2. Maturity Limit Structure: Established maturity limits to minimize re-financing risk in any given period;
3. Investor Limit Structure: Minimized concentration with any single investor, in aggregate and in any given month; and
4. Spare Capacity: Excess secured funding built as an additional risk mitigant against reduced rollover rates experienced during sudden market shocks.

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- *RWA Reduction in Fixed Income and Commodities*: Consistently exceeding RWA reduction targets laid out in 2012, with Fixed Income and Commodities Basel III RWAs of $239 billion at 2Q13, versus full year target of $255 billion.
- *Deposits*: Pro-forma for the $138 billion in deposits[1] associated with the acquisition of the remaining 35% of the Wealth Management joint venture, the Firm will be the 10th largest depository in the United States.[2] The Firm's deposits have been stable over varying economic cycles and observed periods of both market and idiosyncratic stress, representing an extremely durable source of funding.
- *Capital*: The Firm has doubled the size of its capital base and significantly improved its quality, with common equity comprising over 80% of total capital.

- **Solidified MUFG partnership**

- Partnership with MUFG represents a major strategic benefit with MUFG holding an approximately 22% common equity stake, two seats on the Board and business joint ventures across institutional and retail businesses globally.

- **Exit from legacy issues**

- The Firm has proactively resolved legacy issues, such as the settlement of several long-dated uncollateralized derivative exposures and the sale of non-core real estate investments made prior to 2008.

- **Strong risk discipline**

- Rigorous and frequent stress-testing, significant market and credit risk limits enhanced risk governance throughout the Firm and embedded in each business.

- **Strategic moves continue to enhance revenue stability and funding durability**

- Strategic steps taken since 2010 have led to a more balanced business mix, with enhanced revenue stability and greater contribution from fee-driven businesses.
    1. In first half of 2013, 50% of revenues were from Wealth and Investment Management, with another 33% of revenues from relatively predictable Investment Banking and Equity Sales and Trading businesses.
    2. Strategic shift in Fixed Income improves earnings stability with a cohesive suite of products.
- Contractual benefits from the recent acquisition of the remaining 35% of the joint venture by Wealth Management will further increase earnings stability and the Firm's funding profile, with approximately $57 billion in deposits that the Firm will receive through June 1, 2015.[3]

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[1] Firmwide pro-forma deposit growth reflects the contractual transfer of deposits from Citigroup, Inc. to the Firm after the closing of the acquisition. Organic account balance growth is assumed to be flat.

[2] Source: SNL Financial. Excludes U.S. subsidiaries of foreign based banks. Based on company SEC Filings as of 2Q13.

[3] For further information, see the Morgan Stanley Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2013 ("Form 10-Q").

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Names of Material Entities

"Material Entity" means a subsidiary or foreign office of the Firm that is significant to the Firm's core businesses and critical activities. The Firm has identified seventeen Material Entities for purposes of the 165(d) Resolution Plan. Since the filing of the 2012 Resolution Plan, two material entities were eliminated via merger, and one material entity was added. 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 Exhibit 2 below.

Exhibit 2: Material Entities

Name	Short Name	Country	Type
Corporate Services Support Corp.	CSSC	U.S.	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 Smith Barney FA Notes Holdings, LLC	MSSBFA	U.S.	Service company
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

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2 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, Wealth Management and Investment Management.

All aspects of the Firm's businesses are highly competitive, and the Firm expects them to remain so. The Firm competes in the U.S. and globally for clients, market share and human talent in all aspects of its core business lines. The Firm competes with commercial banks, brokerage firms, insurance companies, electronic trading and clearing platforms, financial data repositories, mutual fund sponsors, hedge funds, energy companies and other companies offering financial or ancillary services in the U.S., globally and through the internet.

2.1 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 Material Entities such as MSCO and MSIP, and certain joint venture entities that include MSMS. The Firm, primarily through these entities, also conducts sales and trading activities worldwide, as principal and agent, and provides related financing services on behalf of institutional investors.

Investment banking and corporate lending activities include:

- Capital Raising
- Financial Advisory Services
- Corporate Lending

Sales and trading activities include:

- Equity Trading
- Fixed Income and Commodities
- Clients and Services, including Prime Brokerage
- Research

2.2 Wealth Management

The Firm's Wealth Management business provides comprehensive financial services to clients through a network of more than 16,300 global representatives in 676 locations

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at June 30, 2013. As of June 30, 2013, the Firm's Wealth Management business had $1,778 billion in client assets.[4]

In June 2013, the Firm acquired the remaining 35% stake in the Wealth Management business from Citigroup Inc. ("Citi"). As a result, approximately $57 billion of deposits will be transferred from Citi to the Firm's depository institutions on an agreed upon basis through June 1, 2015.[5]

Products and Services

Wealth Management provides clients with a comprehensive array of financial solutions, including products and services from the Firm and third-party providers, such as insurance companies and mutual fund families. Wealth Management provides brokerage and investment advisory services covering various types of investments, including equities, options, futures, foreign currencies, precious metals, fixed income securities, mutual funds, structured products, alternative investments, unit investment trusts, managed futures, separately managed accounts and mutual fund asset allocation programs. Wealth Management also engages in fixed income principal trading, which primarily facilitates clients' trading or investments in such securities. In addition, Wealth Management offers education savings programs, financial and wealth planning services, and annuity and other insurance products.

In addition, Wealth Management offers its clients access to several cash management services through various banks and other third parties, including deposits, debit cards, electronic bill payments and check writing, as well as lending products through affiliates such as MSBNA, including securities based lending, mortgage loans and home equity lines of credit. Wealth Management also 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, including individual retirement accounts and 401(k) plans.

Wealth Management 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. Wealth Management professionals serve individual investors and small-to-medium sized businesses and institutions with an emphasis on ultra high net worth, high net worth and affluent investors. Global representatives are located in branches across the U.S. and provide solutions designed to accommodate the individual investment objectives, risk tolerance and liquidity needs of investors residing in the U.S.

[4] Source: Morgan Stanley Financial Supplement to Form 10-Q.
[5] For further information, see Form 10-Q.

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2.3 Investment Management

The Firm’s Investment Management business offers clients a broad 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.

Investment Management offers a range of alternative investment, real estate investing and merchant banking products for institutional investors and high net worth individuals, including funds of hedge funds, private equity funds, real estate funds, and portable alpha strategies.

Investment Management typically acts as general partner of, and investment adviser 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.

Institutional Investors

Investment Management provides investment management strategies and products to institutional investors worldwide, including corporations, pension plans, endowments, foundations, sovereign wealth funds, insurance companies and banks through a broad range of pooled vehicles and separate accounts. Additionally, Investment Management provides sub-advisory services to various unaffiliated financial institutions and intermediaries. A Global Sales and Client Service team is engaged in business development and relationship management for consultants to help serve institutional clients.

Intermediary Clients

Investment Management offers open-end and alternative investment funds and separately managed accounts to individual investors through affiliated and unaffiliated broker-dealers, banks, insurance companies, financial planners and other intermediaries. Closed-end funds managed by Investment Management are available to individual investors through affiliated and unaffiliated broker-dealers. Investment Management also distributes mutual funds through numerous retirement plan platforms. Internationally, Investment Management distributes traditional investment products to individuals outside the U.S. through non-proprietary distributors and distributes alternative investment products through affiliated broker-dealers and banks.

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

Exhibit 3 shows the Firm's Condensed Consolidated Statement of Financial Position (unaudited) from the June 30, 2013, 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.

Exhibit 3: Morgan Stanley Financial Summary – Balance Sheet, June 30, 2013[6]

MORGAN STANLEY

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

	June 30, 2013	December 31, 2012
Assets		
Cash and due from banks ($380 and $526 at June 30, 2013 and December 31, 2012, respectively, related to consolidated variable interest entities generally not available to the Company)	$ 16,295	$ 20,878
Interest bearing deposits with banks	30,904	26,026
Cash deposited with clearing organizations or segregated under federal and other regulations or requirements	35,363	30,970
Trading assets, at fair value (approximately $145,191 and $147,348 were pledged to various parties at June 30, 2013 and December 31, 2012, respectively; $3,128 and $3,505 related to consolidated variable interest entities, generally not available to the Company at June 30, 2013 and December 31, 2012, respectively)	260,038	267,603
Securities available for sale, at fair value	42,858	39,869
Securities received as collateral, at fair value	14,749	14,278
Federal funds sold and securities purchased under agreements to resell (includes $869 and $621 at fair value at June 30, 2013 and December 31, 2012, respectively)	142,494	134,412
Securities borrowed	129,114	121,701
Customer and other receivables	64,473	64,288
Loans (net of allowances of $125 and $106 at June 30, 2013 and December 31, 2012, respectively)	34,571	29,046
Other investments	4,869	4,999
Premises, equipment and software costs (net of accumulated depreciation of $5,987 and $5,525 at June 30, 2013 and December 31, 2012, respectively) ($215 and $224 at June 30, 2013 and December 31, 2012, respectively, related to consolidated variable interest entities, generally not available to the Company)	5,966	5,946
Goodwill	6,600	6,650
Intangible assets (net of accumulated amortization of $1,420 and $1,250 at June 30, 2013 and December 31, 2012, respectively) (includes $9 and $7 at fair value at June 30, 2013 and December 31, 2012, respectively)	3,602	3,783
Other assets ($547 and $593 at June 30, 2013 and December 31, 2012, respectively, related to consolidated variable interest entities, generally not available to the Company)	10,795	10,511
Total assets	$802,691	$780,960

[6] Source: Form 10-Q

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Liabilities		
Deposits (includes $1,425 and $1,485 at fair value at June 30, 2013 and December 31, 2012, respectively)	$ 81,514	$ 83,266
Commercial paper and other short-term borrowings (includes $1,590 and $725 at fair value at June 30, 2013 and December 31, 2012, respectively)	2,366	2,138
Trading liabilities, at fair value	128,085	120,122
Obligation to return securities received as collateral, at fair value	19,154	18,226
Securities sold under agreements to repurchase (includes $552 and $363 at fair value at June 30, 2013 and December 31, 2012, respectively)	133,582	122,674
Securities loaned	36,135	36,849
Other secured financings (includes $6,452 and $9,466 at fair value at June 30, 2013 and December 31, 2012, respectively) ($610 and $976 at June 30, 2013 and December 31, 2012, respectively, related to consolidated variable entities and are non-recourse to the Company)	13,671	15,727
Customer and other payables	145,555	127,722
Other liabilities and accrued expenses ($117 at both June 30, 2013 and December 31, 2012, related to consolidated variable interest entities and are non-recourse to the Company)	15,417	14,928
Long-term borrowings (includes $40,819 and $44,044 at fair value at June 30, 2013 and December 31, 2012, respectively)	161,098	169,571
	736,577	711,223
Commitments and contingent liabilities (see Note 12)		
Redeemable noncontrolling interests (see Notes 3 and 14)	—	4,309
Equity		
Morgan Stanley shareholders' equity:		
Preferred stock	1,508	1,508
Common stock, $0.01 par value:		
Shares authorized: 3,500,000,000 at June 30, 2013 and December 31, 2012;		
Shares issued: 2,038,893,979 at June 30, 2013 and 2,038,893,979 at December 31, 2012;		
Shares outstanding: 1,959,326,270 at June 30, 2013 and 1,974,042,123 at December 31, 2012	20	20
Additional Paid-in capital	23,933	23,426
Retained earnings	41,455	39,912
Employee stock trust	1,821	2,932
Accumulated other comprehensive loss	(1,169)	(516)
Common stock held in treasury, at cost, $0.01 par value; 79,567,709 shares at June 30, 2013 and 64,851,856 shares at December 31, 2012	(2,566)	(2,241)
Common stock issued to employee trust	(1,821)	(2,932)
Total Morgan Stanley shareholders' equity	63,181	62,109
Nonredeemable noncontrolling interests	2,933	3,319
Total equity	66,114	65,428
Total liabilities, redeemable noncontrolling interests and equity	$802,691	$780,960

At June 30, 2013, the Firm's capital levels calculated under Basel I, inclusive of the market risk capital framework amendment, were in excess of well-capitalized levels with ratios of Tier 1 capital to RWAs of 14.1% and total capital to RWAs of 14.9% (6% and 10% being well-capitalized for regulatory purposes, respectively). The Firm's ratio of Tier 1 common capital to RWAs was 11.8% (5% under stressed conditions is the current minimum under the Federal Reserve's Comprehensive Capital Analysis and Review ("CCAR") framework). [7]

The Firm calculates its Tier 1 capital ratio and risk-weighted assets ("RWAs") in accordance with the capital adequacy standards for financial holding companies adopted by the Federal Reserve. These standards are based upon a framework described in the International Convergence of Capital Measurement and Capital Standards, July 1988, as amended, also referred to as Basel I. On January 1, 2013, the U.S. banking regulators' rules to implement the Basel Committee on Banking Supervision's market risk capital framework amendment, commonly referred to as "Basel 2.5", became effective, which increased the capital requirements for securitizations and correlation trading within the Firm's trading book, as well as incorporated add-ons for stressed Value-at-Risk ("VaR") and incremental risk requirements ("market risk capital framework amendment"). The Firm's Tier 1 capital ratio and RWAs for the current periods were calculated under this revised framework. The Firms' Tier 1 capital ratio and RWAs for prior periods have not been recalculated under this revised framework. For a

[7] Source: Form 10-Q.

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discussion of Total capital ratio, Tier 1 capital ratio and Tier 1 common capital ratio, see "Liquidity and Capital Resources—Regulatory Requirements" included in the Form 10-Q. [8]

The following exhibit summarizes the key capital measures for the Firm:

Exhibit 4: Morgan Stanley Capital Measures. [9]

	June 30, 2013		December 31, 2012	
	Balance	Ratio	Balance	Ratio
	(dollars in millions)			
Tier 1 common capital	$ 47,603	11.8%	$ 44,794	14.6%
Tier 1 capital	56,780	14.1%	54,360	17.7%
Total capital	59,987	14.9%	56,626	18.5%
RWAs	403,425	—	306,746	—
Adjusted average total assets	804,932	—	769,495	—
Tier 1 leverage	—	7.1%	—	7.1%

Derivative and Hedging Activities

With respect to derivatives, the Firm trades and makes markets 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

[8] Source: Form 10-Q.
[9] Source: Form 10-Q.

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.

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.

Memberships in Material Payment, Clearing and Settlement Systems

Exhibit 5 contains a list of the Firm's memberships in material payment, clearing and settlement systems.

Exhibit 5: Payment, Clearing and Settlement Systems

Relationship	System
Central Securities Depositories	Depository Trust Company (DTC)
	CREST
	Japan Securities Depository Center (JASDEC)
Clearinghouses	CME Group Inc.
	Eurex Clearing AG (ECAG)
	Fixed Income Clearing Corporation (FICC)
	ICE Clear Europe
	ICE Clear U.S.
	LCH Clearnet Ltd.
	BM&FBOVESPA SA
	National Securities Clearing Corporation (NSCC)
	Options Clearing Corporation (OCC)
Foreign Exchange Settlements	CLS Bank International

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Relationship	System
International Central Securities Depositories	Euroclear Bank
	SIX Group
Real-Time Gross Settlements	Fedwire Funds Service
	Fedwire Securities Service
	TARGET2
Telecommunication Platform	Society for Worldwide Interbank Financial Telecommunication (SWIFT)

4 Foreign Operations

The Firm operates in both U.S. and non-U.S. markets. The Firm's non-U.S. business activities are principally conducted and managed through European and Asian locations. At December 31, 2012, the Firm had 57,061 employees worldwide.

The net revenues disclosed in Exhibit 6 reflect the regional view of the Firm's consolidated net revenues 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
- *Wealth Management*: global representative coverage location
- *Investment Management*: client location, except for Merchant Banking and Real Estate Investing businesses, which are based on asset location

Exhibit 6: Net Revenues by Region[10]

Net Revenues	2012	2011	2010
	(dollars in millions)		
Americas	$20,200	$22,306	$21,452
Europe, Middle East and Africa	3,078	6,619	5,458
Asia	2,834	3,311	4,320
Net revenues	$26,112	$32,236	$31,230

The following are the Firm's non-U.S. Material Operating Entities and the products and services they offer:

[10] Source: Morgan Stanley Annual Report on Form 10-K for the year ended December 31, 2012.

- *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, 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 Investment 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 a 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, Equity Sales and Trading, Global Capital Markets, and Research.

5 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 registered 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 higher 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 7 identifies material supervisory authorities for the Firm's Material Entities.

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Exhibit 7: Supervisory Authorities

Supervisor	Jurisdiction
Chicago Mercantile Exchange	U.S.
Commodity Exchange, now a division of CME	U.S.
Commodity Futures Trading Commission	U.S.
Consumer Financial Protection Bureau	U.S.
Federal Deposit Insurance Corporation	U.S.
Federal Energy Regulatory Commission	U.S.
Federal Reserve Board	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.
Prudential Regulation Authority	U.K.
Financial Conduct Authority	U.K
Bank of Japan	Japan
Financial Services Agency	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 and supervised by local regulators in each jurisdiction.

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6 Principal Officers

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

• Gregory J. Fleming	Executive Vice President and President of Investment Management and President of Wealth Management
• James P. Gorman	Chairman of the Board of Directors and Chief Executive Officer and Director
• Eric F. Grossman	Executive Vice President and Chief Legal Officer
• Keishi Hotsuki	Chief Risk Officer
• Colm Kelleher	Executive Vice President and President of Institutional Securities
• Ruth Porat	Executive Vice President and Chief Financial Officer
• James A. Rosenthal	Executive Vice President and Chief Operating Officer

7 Resolution Planning Corporate Governance Structure and Processes

The Firm's Global Head of Recovery and Resolution, who reports to the Global Head of Regulatory Affairs, is directly responsible for the development, submission and ongoing maintenance of the 165(d) Resolution Plan. The 165(d) Resolution Plan was developed by a dedicated, cross-functional team reporting regularly to the Global Head of Regulatory Affairs, the Recovery and 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, the Firm's Chief Legal Officer and Chief Financial Officer serve as co-sponsors of the 165(d) Resolution Plan.

The Board and the Firm's Operating Committee have both reviewed and approved the 165(d) Resolution Plan. In addition, various designated governance committees and senior personnel have reviewed and approved the underlying, individual components of the 165(d) Resolution Plan. For example, 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.

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8 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 that is relied upon for the operation of applications, and the production of information used to make daily decisions in the management of the Firm.

Technology & Data ("T&D") has the principal responsibility for global application development organizations within the Firm and the enterprise infrastructure groups that 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 to generate reports utilized 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.

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9 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.

The 165(d) Resolution Plan's preferred approach contemplates that MS Parent would enter into a Chapter 11 proceeding, the sale of certain relatively standalone and separable businesses and Material Entities, and the orderly unwind in a resolution proceeding 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

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Table of Defined Terms

165(d) Resolution Plan	Resolution Plan prepared in accordance with the requirements of Section 165(d) of the Dodd-Frank Act
AFS	Available for Sale
Bank	MSBNA
BDP	Bank Deposit Program
BHC	Bank Holding Company
CIDI	Covered Insured Depository Institution
CFPB	Consumer Financial Protection Bureau
CFTC	Commodity Futures Trading Commission
CLS Bank	CLS Bank International
CME	Chicago Mercantile Exchange
DIF	Deposit Insurance Fund
FA	Financial Advisor
FDI Act	Federal Deposit Insurance Act
FDIC	Federal Deposit Insurance Corporation
FHLB	Federal Home Loan Bank
Fedwire Funds	Fedwire Funds Service
Fedwire Securities	Fedwire Securities Service
FHC	Financial Holding Company
Final IDI 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
ICAAP	Internal Capital Adequacy Assessment Process
ICE	Intercontinental Exchange
IDI	Insured Depository Institution
IDI Resolution Plan	MSBNA's resolution plan prepared in accordance with the Final IDI Rule adopted by the FDIC
ISG	Institutional Securities
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
MSCM	Morgan Stanley Capital Management, LLC
MSDH	Morgan Stanley Delta Holdings LLC
MSDHI	Morgan Stanley Domestic Holdings, Inc.
MSPBNA	Morgan Stanley Private Bank, N.A.
MSSB	Morgan Stanley Smith Barney LLC
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
Target2	Euro Interbank Payment System
T&D	Technology and Data

1 Executive Summary

1.1 Overview

MSBNA (“the Bank”) is an indirect, wholly-owned insured depository institution subsidiary of Morgan Stanley (“MS Parent”). MSBNA had approximately $80 billion in assets as of December 31, 2012.

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, which may occur in accordance with the baseline, adverse, or severely adverse economic environments. The IDI Resolution Plan has been developed in accordance with the Final IDI Rule adopted by the FDIC for Resolution Plans Required for IDIs with $50 billion or more in total assets. The objective of this Final IDI Rule is to provide the FDIC as receiver with the information it needs to make orderly and cost-effective resolutions more feasible. The IDI Resolution Plan has been developed in coordination with Morgan Stanley (“the Firm”), which is submitting a resolution plan in accordance with the requirements of Section 165(d) of the Dodd-Frank Act and regulations implementing such law adopted by the Board of Governors of the Federal Reserve System (the “Federal Reserve”) and the FDIC and other relevant guidance.

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 the least costly manner. The IDI Resolution Plan and the Firm's 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 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 and minimizes the amount of any potential loss to the DIF and MSBNA's creditors.

2 Morgan Stanley Profile

MSBNA's ultimate parent is MS Parent, a Delaware corporation and the Firm's top-tier holding company. MS Parent 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 firm 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 segments: ISG, Wealth Management and Investment Management. A summary of the activities of each segment is provided below.

A. ISG

The Firm's ISG segment provides financial advisory and capital-raising services to a diverse group of corporate and other institutional clients globally. Its businesses also conduct sales and trading activities worldwide such as trading in equity and equity-related products, fixed income products and commodities. The Firm also provides related financing services to its institutional clients, including bank lending products offered by MSBNA.

B. Wealth Management

Wealth Management provides comprehensive financial services to retail clients and small-to-medium sized businesses through a global network of more than 16,300 global representatives.[11] Wealth Management products and services include brokerage and investment advisory services, fixed income principal trading to facilitate clients' investments in securities, cash management services, trust and fiduciary services, and a broad suite of consumer credit products. MSBNA provides certain MSSB clients with select banking services, primarily deposit-taking and non-purpose securities-based lending.

C. Investment Management

The Firm's Investment 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.,

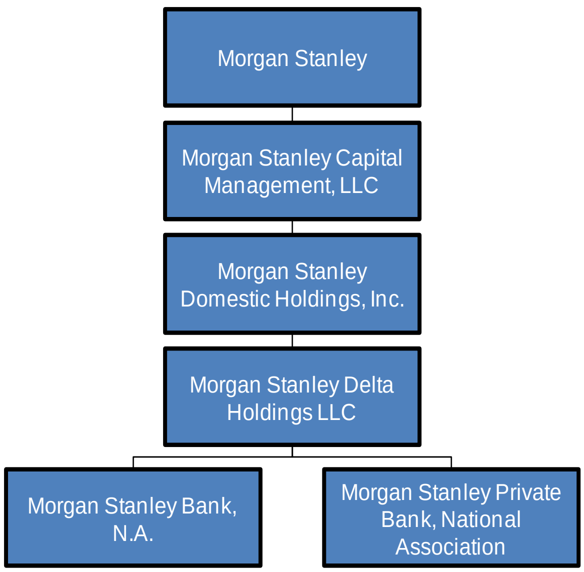
[11] Source: Morgan Stanley Financial Supplement to Form 10-Q.

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.

2.1 Firm Banks

The Firm's wholly-owned FDIC-insured depository institution subsidiaries are MSBNA and MSPBNA. Figure 8 below illustrates the ownership structure of MSBNA and MSPBNA.

Figure 8: Current MSBNA and MSPBNA Ownership Structure



MSCM, MSDHI and MSDH are headquartered in New York, MSCM and MSDHI are organized under the laws of Delaware; MSDH is organized under the laws of New York. These entities 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 WM clients and invests in high quality financial instruments. MSBNA is the primary provider of FX products for the Firm.

B. MSPBNA

MSPBNA is an indirect, wholly-owned subsidiary of MS Parent and is chartered as a national bank. As of December 31, 2012, MSPBNA had approximately $17 billion in total assets. Given that MSPBNA's assets are below the Final IDI Rule threshold, it is not required to prepare a resolution plan, and is not covered under this IDI Resolution Plan.

Overview of MSBNA Core Business Lines

MSBNA's Core Business Lines, as defined in the FDIC's Final IDI 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 securities maintained in MSSB brokerage accounts. The large majority of the commitments under these facilities are cancellable, and any advances are repayable upon demand. MSBNA has a first priority perfected security interest in the 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.

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 subsidiaries, and so no material entities that are subject to consolidation. Below is MSBNA's balance sheet as of December 31, 2012.

Figure 9: MSBNA Balance Sheet

MSBNA Balance Sheet	Dec 31, 2012
Assets ($ Billions)	
Cash	12.7
Securities purchased under agreements to resell	9.5
Financial instruments owned, at fair value	0.1
Available for sale securities	36.1
Loans	20.3
All other assets	1.8
Total Assets	**80.5**

Liabilities ($ Billions)	
Deposits	67.2
Financial instruments sold, not yet purchased, at fair value	0.0
Long-term subordinated debt (held by MS Parent)	1.5
Loans – unfunded commitments at FV	0.2
Other liabilities	1.5
Total Equity	10.1
Total Liabilities and Equity	**80.5**

3.2 Capital

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

The key regulatory capital ratios as of December 31, 2012 are listed below.

Figure 10: MSBNA's Key Regulatory Capital Ratios

Ratio	Well Capitalized Ratios	MSBNA Capital Ratios
Tier 1 Leverage Ratio	6%	13.3%
Tier 1 Risk-Based Capital Ratio	8%	14.4%
Total Risk-Based Capital Ratio	10 %	16.7%

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, repurchase agreements, and FHLB advances.

4 Derivative and Hedging Activities

MSBNA enters into derivative transactions with external counterparties and affiliates. The Bank uses derivative instruments for intermediating and managing the market risk arising from foreign exchange, interest rate and credit risk. Derivative instruments used include futures, forwards, options, and swap contracts. Hedges may be established on a transaction-by-transaction or a portfolio basis and may include cash and derivatives instruments.

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.

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 a 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

As a national bank, MSBNA's primary regulator is the OCC. As an insured depository institution, MSBNA is also subject to regulation by the FDIC, and as a subsidiary of MS Parent, a registered bank holding company, MSBNA is subject to regulation by the Federal Reserve. As a registered swap dealer, MSBNA is also subject to regulation by the CFTC. Additionally, as of 2011, MSBNA is subject to supervision by the CFPB with respect to federal consumer finance laws and regulations.

8 Principal Officers

The following figure provides a summary of the principal officers of MSBNA.

Figure 11: MSBNA Principal Officers

Title	Name
Chief Executive Officer	Colm Kelleher
President	Eric Heaton
Chief Financial Officer	Patrick Macejka
Chief Operating Officer	John Roberts

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 Firm's 165(d) Resolution Plan, which has been developed by a dedicated, cross-functional team reporting regularly to the Global Head of Regulatory Affairs, the Recovery and 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, the Firm's Chief Legal Officer and Chief Financial Officer serve as co-sponsors of the 165(d) Resolution Plan. Members of the 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. The MSBNA Management Committee and MSBNA Board are responsible for reviewing and approving the IDI Resolution Plan annually.

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 that is relied upon for the operation of applications, and the production of information used to make daily decisions in the management of the Bank.

Technology & Data ("T&D") has the principal responsibility for global application development organizations within the Firm and the enterprise infrastructure groups that 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 to generate reports utilized 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 the Final 165(d) Rule, the Firm's 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. Additionally, the macroeconomic and financial market conditions as specified in the adverse and severely adverse scenarios were considered. The IDI Resolution Plan considers the impact of the idiosyncratic stress specific to the Firm and has developed its resolution strategies to align with Firm strategies for a hypothetical resolution of the Firm and its Material Entities in bankruptcy or under specialized resolution regimes, such as the Securities Investor Protection Act. 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 Firm's 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. Accordingly, MSBNA and the Firm do not consider strategies under the Orderly Liquidation Authority created by Title II of the Dodd-Frank Act. 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 and minimizes the amount of any loss to be realized by the deposit insurance fund and MSBNA's creditors.

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