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DELTA REPORT

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MS PR Q - MORGAN STANLEY

10-K - DECEMBER 31, 2024 COMPARED TO 10-K - DECEMBER 31, 2023

The following comparison report has been automatically generated

TOTAL DELTAS 6543

CHANGES 442

DELETIONS 3103

ADDITIONS 2998

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K
ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the year ended ~~December 31, 2023~~ December 31, 2024
Commission File Number 1-11758

(Exact name of Registrant as specified in its charter)

Delaware <small>(State or other jurisdiction of incorporation or organization)</small>	1585 Broadway New York, NY 10036 <small>(Address of principal executive offices, including Zip Code)</small>	36-3145972 <small>(I.R.S. Employer Identification No.)</small>	(212) 761-4000 <small>(Registrant's telephone number, including area code)</small>
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Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of exchange on which registered
Common Stock, \$0.01 par value	MS	New York Stock Exchange
Depository Shares, each representing 1/1,000th interest in a share of Floating Rate Non-Cumulative Preferred Stock, Series A, \$0.01 par value	MS/PA	New York Stock Exchange
Depository Shares, each representing 1/1,000th interest in a share of Fixed-to-Floating Rate Non-Cumulative Preferred Stock, Series E, \$0.01 par value	MS/PE	New York Stock Exchange
Depository Shares, each representing 1/1,000th interest in a share of Fixed-to-Floating Rate Non-Cumulative Preferred Stock, Series F, \$0.01 par value	MS/PF	New York Stock Exchange
Depository Shares, each representing 1/1,000th interest in a share of Fixed-to-Floating Rate Non-Cumulative Preferred Stock, Series I, \$0.01 par value	MS/PI	New York Stock Exchange
Depository Shares, each representing 1/1,000th interest in a share of Fixed-to-Floating Rate Non-Cumulative Preferred Stock, Series K, \$0.01 par value	MS/PK	New York Stock Exchange
Depository Shares, each representing 1/1,000th interest in a share of 4.875% Non-Cumulative Preferred Stock, Series L, \$0.01 par value	MS/PL	New York Stock Exchange
Depository Shares, each representing 1/1,000th interest in a share of 4.250% Non-Cumulative Preferred Stock, Series O, \$0.01 par value	MS/PO	New York Stock Exchange
Depository Shares, each representing 1/1,000th interest in a share of 6.500% Non-Cumulative Preferred Stock, Series P, \$0.01 par value	MS/PP	New York Stock Exchange
Depository Shares, each representing 1/1,000th interest in a share of 6.625% Non-Cumulative Preferred Stock, Series Q, \$0.01 par value	MS/PQ	New York Stock Exchange
Global Medium-Term Notes, Series A, Fixed Rate Step-Up Senior Notes Due 2026 of Morgan Stanley Finance LLC (and Registrant's guarantee with respect thereto)	MS/26C	New York Stock Exchange
Global Medium-Term Notes, Series A, Floating Rate Notes Due 2029 of Morgan Stanley Finance LLC (and Registrant's guarantee with respect thereto)	MS/29	New York Stock Exchange

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes No

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the Registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit such files). Yes No

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company Emerging growth company

If an emerging growth company, indicate by check mark if the Registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the Registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the Registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the Registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of **June 30, 2023** **June 30, 2024**, the aggregate market value of the common stock of the Registrant held by non-affiliates of the Registrant was approximately **\$136,317,364,533**, **\$151,625,027,283**. This calculation does not reflect a determination that persons are affiliates for any other purposes.

As of **January 31, 2024** **January 31, 2025**, there were **1,635,268,297** **1,612,855,585** shares of the Registrant's common stock, \$0.01 par value, outstanding.

Documents Incorporated by Reference: Portions of the Registrant's definitive proxy statement for its **2024** **2025** annual meeting of shareholders are incorporated by reference in Part III of this Form 10-K.

ANNUAL REPORT ON FORM 10-K



For the year ended **December 31, 2023** **December 31, 2024**

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Forward-Looking Statements

We have included in or incorporated by reference into this report, and from time to time may make in our public filings, press releases or other public statements, certain statements, including, without limitation, those under "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Quantitative and Qualitative Disclosures about Risk" and "Legal Proceedings" that may constitute "forward-looking statements" within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. In addition, our management may make forward-looking statements to analysts, investors, representatives of the media and others. These forward-looking statements are not historical facts and represent only our beliefs regarding future events, many of which, by their nature, are inherently uncertain and beyond our control.

The nature of our business makes predicting the future trends of our revenues, expenses and net income difficult. The risks and uncertainties involved in our businesses could affect the matters referred to in such statements, and it is possible that our actual results may differ, possibly materially, from the anticipated results indicated in these forward-looking statements. Important factors that could cause actual results to differ from those in the forward-looking statements include, without limitation:

- the effect of market conditions, particularly in the global equity, fixed income, currency, credit and commodities markets, including corporate, commercial and residential mortgage lending, real estate and energy markets;
- the level of individual investor participation in the global markets, as well as the level and mix of client assets;
- the flow of investment capital into or from AUM;
- the level and volatility of equity, fixed income and commodity prices, interest rates, inflation and currency values, other market indices or other market factors, such as market liquidity;
- the availability and cost of both credit and capital, as well as the credit ratings assigned to our unsecured short-term and long-term debt;
- technological changes instituted by us, our competitors or counterparties, and technological risks, including risks associated with emerging technologies, business continuity and related operational risks, including breaches or other disruptions of our or a third party's (or third-parties thereof) operations or systems;
- risk associated with cybersecurity threats, including data protection and cybersecurity risk management;
- our ability to effectively manage our capital and liquidity, including under stress tests designed by our banking regulators;
- the impact of current, pending and future legislation or changes thereto, regulation (including capital, leverage, funding, liquidity, consumer protection, and recovery and resolution requirements) and our ability to address such requirements;
- uncertainty concerning fiscal or monetary policies established by central banks and financial regulators, government shutdowns, debt ceilings or funding;
- changes to global trade policies, tariffs, **trade sanctions** and **replacement or reform of certain interest rate benchmarks**; **investment restrictions**;
- legal and regulatory actions, including litigation and enforcement, and other non-financial risks in the U.S. and worldwide;
- changes in tax laws and regulations globally;
- the effectiveness of our risk management processes and related **controls, including climate risk**; **controls**;
- our ability to effectively respond to an economic downturn, or other market disruptions;

- the effect of social, economic, and political conditions and geopolitical events, including as a result of government shutdowns, **changes as a result of global elections, including** changes in U.S. presidential administrations or Congress, sovereign risk, acts of war or aggression, and terrorist activities or military actions;
- the actions and initiatives of current and potential competitors, as well as governments, central banks, regulators and self-regulatory organizations;
- our ability to provide innovative products and services and execute our strategic initiatives, and costs related thereto, including with respect to the operational or technological integration related to such innovative and strategic initiatives;
- the performance and results of our acquisitions, divestitures, joint ventures, partnerships, minority stakes or strategic alliances, or other strategic arrangements and related integrations;
- investor, consumer and business sentiment and confidence in the financial markets;
- our reputation and the general perception of the financial services industry;
- our ability to retain, integrate and attract qualified employees or successfully transition key roles;
- climate-related incidents **and other environmental and** sustainability matters, and global pandemics; and
- other risks and uncertainties detailed under "Business—Competition," "Business—Supervision and Regulation," "Risk Factors" and elsewhere throughout this report.

Accordingly, you are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date on which they are made. We undertake no obligation to update publicly or revise any forward-looking statements to reflect the impact of circumstances or events that arise after the dates they are made, whether as a result of new information, future events or otherwise, except as required by applicable law. You should, however, consult further disclosures we may make in future filings of our annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K and any amendments thereto or in future press releases or other public statements.



Available Information

We file annual, quarterly and current reports, proxy statements and other information with the Securities and Exchange Commission ("SEC"). The SEC maintains a website, www.sec.gov, that contains annual, quarterly and current reports, proxy and information statements, and other information that issuers file electronically with the SEC. Our electronic SEC filings are available to the public at the SEC's website.

Our website is www.morganstanley.com. You can access our Investor Relations webpage at www.morganstanley.com/about-us-ir. We make available free of charge, on or through our Investor Relations webpage, our proxy statements, annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and any amendments to those reports filed or furnished pursuant to the Securities Exchange Act of 1934, as amended ("Exchange Act"), as soon as reasonably practicable after such material is electronically filed with, or furnished to, the SEC. We also make available, through our Investor Relations webpage, via a link to the SEC's website, statements of beneficial ownership of our equity securities filed by our directors, officers, 10% or greater shareholders and others under Section 16 of the Exchange Act.

You can access information about our corporate governance at www.morganstanley.com/about-us-governance, our sustainability initiatives at www.morganstanley.com/about-us/sustainability-at-morgan-stanley, and our commitment to diversity and inclusion at www.morganstanley.com/about-us/diversity. Our webpages include:

- Amended and Restated Certificate of Incorporation;
- Amended and Restated Bylaws;
- Charters for our Audit Committee, Compensation, Management Development and Succession Committee, Governance and Sustainability Committee, Operations and Technology Committee, and Risk Committee;
- Corporate Governance Policies;
- Policy Regarding Corporate Political Activities;
- Policy Regarding Shareholder Rights Plan;
- Equity Ownership Commitment;
- Code of Ethics and Business Conduct;
- Code of Conduct;
- Integrity Hotline Information;
- Environmental and Social Policies; and
- **2022 2023 ESG Report: Diversity & Inclusion, Climate, and Sustainability Report.**

Our Code of Ethics and Business Conduct applies to all directors, officers and employees, including our Chief Executive Officer, Chief Financial Officer and Deputy Chief Financial Officer. We will post any amendments to the Code of Ethics and Business Conduct and any waivers that are required to be disclosed by the rules of either the SEC or the New York Stock Exchange LLC ("**NYSE**") on our website. You can request a copy of these documents, excluding exhibits, at no cost, by contacting Investor Relations, 1585 Broadway, New York, NY 10036 (212-761-4000). The information on our website is not incorporated by reference into this report.

Business

Overview

We are a global financial services firm that, through our subsidiaries and affiliates, advises, and originates, trades, manages and distributes capital for governments, institutions and individuals. We were originally incorporated under the laws of the State of Delaware in 1981, and our predecessor companies date back to 1924. We are a financial holding company ("FHC") regulated by the Board of Governors of the Federal Reserve System ("Federal Reserve") under the Bank Holding Company Act of 1956, as amended ("BHC Act"). We conduct our business from our headquarters in and around New York City, our regional offices and branches throughout the U.S. and our principal offices in London, Frankfurt, Tokyo, Hong Kong and other world financial centers. Unless the context otherwise requires, the terms "Morgan Stanley," the "Firm," "us," "we" and "our" mean Morgan Stanley (the "Parent Company") together with its consolidated subsidiaries. See the "Glossary of Common Terms and Acronyms" for the definition of certain terms and acronyms used throughout the 2023 2024 Form 10-K.

Financial information concerning us, our business segments and geographic regions for each of the years ended December 31, 2023, December 31, 2024, December 31, 2022, December 31, 2023, and December 31, 2021, December 31, 2022 is included in "Financial Statements and Supplementary Data."

Business Segments

We are a global financial services firm that maintains significant market positions in each of our business segments: Institutional Securities, Wealth Management and Investment Management. Through our subsidiaries and affiliates, we provide a wide variety of products and services to a large and diversified group of clients and customers, including corporations, governments, financial institutions and individuals. Additional information related to our business segments, respective clients, and products and services provided is included under "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Competition

All aspects of our businesses are highly competitive, and we expect them to remain so. We compete in the U.S. and globally for clients, market share and human talent. Operating within the financial services industry on a global basis presents, among other things, technological, risk management, regulatory, infrastructure and other challenges that require effective resource allocation in order for us to remain competitive. Our competitive position depends on a number of factors, including our reputation, client experience, the quality and consistency of our long-term investment performance, innovation, execution, relative pricing and other factors, including entering into new or expanding current businesses as a result of acquisitions and other strategic initiatives. Our ability to sustain or improve our competitive

position also depends substantially on our ability to continue to attract and retain highly qualified employees while managing compensation and other costs. We compete with commercial banks, global investment banking firms, brokerage firms, insurance companies, exchanges, electronic trading and clearing platforms, financial data repositories, banks, regional banks, broker-dealers, private banks, registered investment advisers, digital investing platforms, traditional and sponsors of mutual funds, hedge funds, real assets funds and private credit and equity funds, energy companies, alternative asset managers, financial technology firms and other companies offering financial and ancillary services in the U.S. and globally, including, in certain instances, through the internet, globally. In addition, restrictive laws and regulations applicable to certain global financial services institutions, which have been increasing in complexity and volume, may prohibit us from engaging in certain transactions, impose more stringent capital and liquidity requirements, and increase costs, and can put us at a competitive disadvantage to competitors in certain businesses not subject to these same requirements. See also "Supervision and Regulation" herein and "Risk Factors."

We compete directly. There is increased competition in the U.S. and globally with other securities and driven by established financial services firms and broker-dealers and with others on a regional or product basis. Additionally, there is increased competition driven by established emerging firms, and asset managers, as well as the emergence of new firms, including non-financial companies and business models including innovative uses of focusing on technology innovation, competing for the same clients and assets, or offering similar products and services to retail and institutional customers. We also compete with companies that provide online trading and banking services, investment advisory services, robo-advice capabilities, access to digital asset capabilities and services, and other financial products and services.

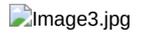
Our ability to access capital at competitive rates (which is generally impacted by, among other things, our credit spreads and ratings) and to commit and deploy capital efficiently, particularly in our more capital-intensive businesses, including underwriting and sales, trading, financing and market-making activities, also affects our competitive position. We expect clients to continue to request that we provide loans or lending commitments in connection with certain investment banking activities.

It is also possible that competition may become even more intense as we continue to compete with financial or other institutions that may be, or may become, larger, or better capitalized, or may have a stronger local presence and longer operating history in certain geographies or products. Many of these firms have the ability to offer a wide range of products and services through different platforms that may enhance their competitive position and could result in additional pricing pressure on our businesses.

Our ability to access capital at competitive rates (which is generally impacted by, among other things, our credit spreads and ratings) and to commit and deploy capital efficiently, particularly in our more capital-intensive businesses within our Institutional Securities business segment, including underwriting and sales, financing and market-making activities, also affects our competitive position. We expect clients to continue to request that we provide loans or lending commitments in connection with certain investment banking activities.

We also continue to experience price competition in some of our businesses. Institutional Securities business segment's products. In particular, the ability to execute securities, derivatives and other financial instrument trades electronically on exchanges, swap execution facilities and other automated trading platforms, and the introduction and application of new technologies will likely continue the pressure on our revenues. The trend toward direct access to automated, electronic markets will likely continue as additional markets move to automated trading platforms.

Our Wealth Management business segment is primarily in the U.S., and our ability to effectively compete against many of our competitors across different channels (i.e., advisory led,



technologies will likely continue workplace and digital direct) is affected by multiple factors including our brand and reputation, the pressure on breadth, depth and pricing of our revenues. The trend toward direct access to automated, electronic markets will likely continue as additional markets move to more automated trading platforms. We have experienced product offerings and will likely continue to experience competitive pressures in these and other areas in the future. our technology supporting evolving client needs.

and our subsidiaries with respect to federal consumer protection laws.

Our Within our Investment Management business segment, our ability to compete successfully in the investment management industry is affected by several factors, including our reputation, quality of investment professionals, performance of investment strategies or product offerings relative to peers and appropriate benchmark indices, advertising and sales promotion efforts, fee levels, the effectiveness of and access to distribution channels and investment pipelines, the types of products offered, and regulatory restrictions specific to FHCs. Our investment products, including alternative investment products, may compete with investments offered by other investment managers, including by investment managers who may be subject to less stringent legal and regulatory regimes than us. For certain products and geographies, we have experienced and will also likely continue to experience competitive pressures in our Investment Management business segment as other investment managers and distributors continue to put downward pressure on fees.

Supervision and Regulation

As a major financial services firm, we are subject to extensive regulation by U.S. federal and state regulatory agencies and securities exchanges and by regulators and exchanges in each of the major markets where we conduct our business.

We continue to monitor the changing political, tax and regulatory environment. While it is likely that there will be changes in the way major financial institutions are regulated in both the U.S. and other markets in which we operate, it remains difficult to predict the exact impact these changes will have on our business, financial condition, results of operations and cash flows for a particular future period. We expect to remain subject to extensive supervision and regulation.

Financial Holding Company

Consolidated Supervision. We operate as a bank holding company ("BHC") and FHC under the BHC Act and are subject to comprehensive consolidated supervision, regulation and examination by the Federal Reserve. In particular, we are subject to (among other things): significant regulation and supervision; intensive scrutiny of our businesses and plans for expansion of those businesses; limitations on activities; a systemic risk regime that imposes heightened capital and liquidity requirements; restrictions on activities and investments imposed by a section of the BHC Act added by the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank Act") referred to as the "Volcker Rule," and comprehensive derivatives regulation. In addition, the Consumer Financial Protection Bureau ("CFPB") has primary rulemaking, enforcement and examination authority over us

Scope of Permitted Activities. The BHC Act limits the activities of BHCs and FHCs and grants the Federal Reserve authority to limit our ability to conduct activities. We must obtain the Federal Reserve's approval before engaging in certain banking and other financial activities both in the U.S. and internationally.

The BHC Act grandfathers "activities related to the trading, sale or investment in commodities and underlying physical properties," provided that we were engaged in "any of such activities as of September 30, 1997 in the U.S." and provided that certain other conditions that are within our reasonable control are satisfied. We currently engage in our commodities activities pursuant to the BHC Act grandfather exemption, as well as other authorities under the BHC Act.

Activities Restrictions under the Volcker Rule. The Volcker Rule prohibits banking entities, including us and our affiliates, from engaging in certain proprietary trading activities, as defined in the Volcker Rule, subject to exemptions for underwriting, market-making, risk-mitigating hedging and certain other activities. The Volcker Rule also prohibits certain investments and relationships by banking entities with covered funds as defined in the Volcker Rule, subject to a number of exemptions and

rules, as defined in the Volcker Rule, subject to a number of exemptions and exclusions.

Capital Requirements. The Federal Reserve establishes capital requirements largely based on the Basel III capital standards established by the Basel Committee on Banking Supervision ("Basel Committee"), including well-capitalized standards, for large BHCs and evaluates our compliance with such requirements. The Office of the Comptroller of the Currency ("OCC") establishes similar capital requirements and standards for Morgan Stanley Bank, N.A. ("MSBNA") and Morgan Stanley Private Bank, National Association ("MSPBNA") (together, our "U.S. Bank Subsidiaries").

The Federal Reserve, Federal Deposit Insurance Corporation ("FDIC") and the OCC (collectively, "U.S. banking agencies") have proposed a comprehensive set of revisions to their capital requirements based on changes to the Basel III capital standards finalized by the Basel Committee. The impact on us of any revisions to the capital requirements is uncertain and depends on the adoption of final rulemakings by the U.S. banking agencies. For additional information, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Regulatory Requirements—Regulatory Developments and Other Matters—Basel III Endgame Proposal."

In addition, many of our regulated subsidiaries are subject to regulatory capital requirements, including regulated subsidiaries registered as swap dealers with the U.S. Commodity Futures Trading Commission ("CFTC") or conditionally registered as security-based swap dealers with the SEC or registered as broker-dealers or futures commission merchants.



the SEC or registered as broker-dealers or futures commission merchants.

For more information about the specific capital requirements applicable to us and our U.S. Bank Subsidiaries, as well as our subsidiaries that are broker-dealers, swap dealers and security-based swap dealers, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Regulatory Requirements" and Note 16 to the financial statements.

Capital Planning, Stress Tests and Capital Distributions. The Federal Reserve has adopted capital planning and stress test requirements for large BHCs, including Morgan Stanley. For more information about our capital planning and stress test requirements, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Regulatory Requirements."

In addition, the Federal Reserve, the OCC and the FDIC have the authority to prohibit or limit the payment of dividends by the banking organizations they supervise, including us and our U.S. Bank Subsidiaries, if, in the banking regulator's opinion, payment of a dividend would constitute an unsafe or unsound practice in light of the financial condition of the banking organization. For information about the Federal Reserve's restrictions on capital distributions for large BHCs, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Regulatory Requirements—Capital Plans, Stress Tests and the Stress Capital Buffer." All of these policies and other requirements could affect our ability to pay dividends and/or repurchase stock or require us to provide capital assistance to our U.S. Bank Subsidiaries under circumstances that we would not otherwise decide to do.

Liquidity Requirements. In addition to capital regulations, the U.S. banking agencies have adopted liquidity and funding standards, including the LCR, the NSFR, liquidity stress testing and associated liquidity reserve requirements.

For more information, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Balance Sheet—Regulatory Liquidity Framework."

Systemic Risk Regime. Under rules issued by the Federal Reserve, large BHCs, including Morgan Stanley, must conduct internal liquidity stress tests, maintain unencumbered highly liquid assets to meet projected net cash outflows for 30 days over the range of liquidity stress scenarios used in internal stress tests, and comply with various liquidity risk management requirements. These large BHCs also must comply with a range of risk management and corporate governance requirements.

The Federal Reserve also imposes single-counterparty credit limits ("SCCL") for large banking organizations. U.S. Global global systemically important banks ("G-SIBs"), including us, are

systemically important financial institutions supervised by the Federal Reserve). In addition, we are subject to a limit of 25% of Tier 1 capital for aggregate net credit exposures to any other unaffiliated counterparty.

The Federal Reserve may establish additional prudential standards for large BHCs, including with respect to an early remediation framework, contingent capital, enhanced public disclosures and limits on short-term debt, including off-balance sheet exposures. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Regulatory Requirements—Total Loss-Absorbing Capacity, Long-Term Debt and Clean Holding Company Requirements."

If the Federal Reserve or the Financial Stability Oversight Council determines that a BHC with \$250 billion or more in consolidated assets poses a "grave threat" to U.S. financial stability, the institution may be, among other things, restricted in its ability to merge or offer financial products and/or required to terminate activities and dispose of assets. See also "Capital Requirements" and "Liquidity Requirements" and "Resolution and Recovery Planning" herein.

Resolution and Recovery Planning. We are required to submit once every two years to the Federal Reserve and the FDIC a resolution plan that describes our strategy for a rapid and orderly resolution under the U.S. Bankruptcy Code in the event of our

subject to a limit of 15% of Tier 1 capital for aggregate net credit exposures to any "major counterparty" (defined to include other U.S. G-SIBs, foreign G-SIBs and non-bank

a rapid and orderly resolution under the U.S. Bankruptcy Code in the event of our material financial distress or failure. Interim updates are required in certain limited circumstances, including material mergers or acquisitions or fundamental changes to our resolution strategy.

Our preferred resolution strategy, which is set out in our most recent resolution plan, is an SPOE strategy, which generally contemplates the provision of adequate capital and liquidity by the Parent Company to certain of its subsidiaries so that such subsidiaries have the resources necessary to implement the resolution strategy after the Parent Company has filed for bankruptcy.

Our next resolution plan is due July 1, 2025. Submission will be a targeted resolution plan in July 2025. Further, we submit an annual recovery plan to the Federal Reserve that outlines the steps that management could take over time to generate or conserve financial resources in times of prolonged financial stress.

Certain of our domestic and foreign subsidiaries are also subject to resolution and recovery planning requirements in the jurisdictions in which they operate. For example, the FDIC currently requires certain insured depository institutions ("IDI"), including our U.S. Bank Subsidiaries, to submit a full resolution plans every two years and interim targeted information at certain times between full resolution plan every three years submissions that describes describe the IDI's strategy for a rapid and orderly resolution in the event of material financial distress or

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failure of the IDI. Submission of interim targeted information by our U.S. Bank Subsidiaries generally will not be required during a year which the Parent Company is required to submit a resolution plan to the Federal Reserve and FDIC. The first submission for our U.S. Bank Subsidiaries under this rule will be in 2026. In addition, the OCC requires IDIs with assets of \$100 billion or more, including our U.S. Bank Subsidiaries, to develop recovery plans detailing the actions they would take to remain a going concern when they experience considerable financial or non-financial stress, but have not deteriorated to the point that resolution is imminent. Our U.S. Bank Subsidiaries are required to develop a recovery plan by January 2026.

In addition, certain financial companies, including BHCs such as the Firm and certain of its subsidiaries, can be subject to a resolution proceeding under the orderly liquidation authority,

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with the FDIC being appointed as receiver, provided that determination of extraordinary financial distress and systemic risk is made by the U.S. Treasury Secretary in consultation with the U.S. President, president. Regulators have adopted certain orderly liquidation authority implementing regulations and may expand or clarify these regulations in the future. If we were subject to the orderly liquidation authority, the FDIC would have considerable powers, including: the power to remove directors and officers responsible for our failure and to appoint new directors and officers; the power to assign our assets and liabilities to a third party or bridge financial company without the need for creditor consent or prior court review; the ability to differentiate among our creditors, including treating certain creditors within the same class better than others, subject to a minimum recovery right on the part of disfavored creditors to receive at least what they would have received in bankruptcy liquidation; and broad powers to administer the claims process to determine distributions from the assets of the receivership. The FDIC has been developing indicated that it expects to use an SPOE strategy that could be used if the FDIC were to implement the orderly liquidation authority, authority for a U.S. G-SIB.

Regulators have also taken and proposed various actions to facilitate an SPOE strategy under the U.S. Bankruptcy Code, the orderly liquidation authority or other resolution regimes.

For more information about our resolution plan-related submissions and associated regulatory actions, see "Risk Factors—Legal, Regulatory and Compliance Risk," "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Regulatory Requirements—Total Loss-Absorbing Capacity, Long-Term Debt and Clean Holding Company Requirements" and "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Regulatory Requirements—Resolution and Recovery Planning."

Cyber and Information Security Risk Management and Protection of Client Information

The financial services industry faces increased global regulatory focus regarding cyber and information security risk management practices. Many aspects of our businesses are subject to cybersecurity legal, regulatory and disclosure requirements enacted by U.S. federal and state governments and other non-U.S. jurisdictions. These requirements are generally aimed at codifying basic cybersecurity protections and mandating data breach notification requirements.

Our businesses are also subject to increasing privacy and data protection legal requirements concerning the use and protection of certain personal information with regard to clients, employees and others. These requirements impose mandatory privacy and data protection obligations, including providing for individual rights, enhanced governance and accountability requirements, and significant fines and litigation risk for noncompliance. In addition, several jurisdictions have enacted or proposed personal and other data

localization requirements and restrictions on cross-border transfer of personal and other data that may restrict our ability to conduct business in those jurisdictions or create additional financial and regulatory burdens to do so.

Numerous jurisdictions have passed laws, rules and regulations in these areas and many are considering new or updated ones that could impact our businesses, particularly as the application, interpretation and enforcement of these laws, rules and regulations are often uncertain and evolving. Many aspects of our businesses are subject to legal requirements concerning the use and protection of certain customer and other information, as well as the privacy and cybersecurity laws referenced above. We have adopted measures designed to comply with these and related applicable requirements in all relevant jurisdictions.

For additional information on our cybersecurity strategy and processes, see "Cybersecurity."

Institutional Securities and Wealth Management

U.S. Bank Subsidiaries. Our U.S. Bank Subsidiaries are FDIC-insured depository institutions subject to supervision, regulation and examination by the OCC and are subject to the OCC's risk governance guidelines, which establish heightened standards for a large IDI's risk governance framework and the oversight of that framework by the IDI's board of directors. Our U.S. Bank Subsidiaries are also subject to prompt corrective action standards, which require the relevant federal banking regulator to take prompt corrective action with respect to a depository institution if that institution does not meet certain capital adequacy standards. In addition, BHCs, such as Morgan Stanley, are required to serve as a source of strength to their U.S. bank subsidiaries and commit resources to support these subsidiaries in the event such subsidiaries are in financial distress. Our U.S. Bank Subsidiaries' business activities are generally limited to supporting our Institutional Securities and Wealth Management business segments. Our U.S. Bank Subsidiaries' business activities are generally limited to supporting our Institutional Securities and Wealth Management business segments.

Our U.S. Bank Subsidiaries are also subject to Sections 23A and 23B of the Federal Reserve Act, which impose restrictions on certain transactions with affiliates, including any extension of credit to, or purchase of assets from, an affiliate. These restrictions limit the total amount of credit exposure that our U.S. Bank Subsidiaries may have to any one affiliate and to all affiliates and require collateral for those exposures. Section 23B requires affiliate transactions to be on market terms.

As commonly controlled FDIC-insured depository institutions, each of our U.S. Bank Subsidiaries could be responsible for any loss to the FDIC from the failure of the other U.S. Bank Subsidiary.



Broker-Dealer and Investment Adviser Regulation. Our primary U.S. broker-dealer subsidiaries, Morgan Stanley & Co. LLC ("MS&Co.") and Morgan Stanley Smith Barney LLC ("MSSB") are registered broker-dealers with the SEC and in all 50 states, the District of Columbia, Puerto Rico and the U.S. Virgin Islands and are members of various self-regulatory organizations, including the Financial Industry Regulatory Authority ("FINRA"), and various securities exchanges and clearing organizations. Broker-dealers are subject to laws and regulations covering all aspects of the securities business, including sales and trading practices, securities offerings, publication of research reports, use of customers' funds and securities, capital structure, risk management controls in connection with market access, recordkeeping and retention, and the conduct of their directors, officers, representatives and other associated persons. Broker-dealers are also regulated by securities administrators in those states where they do business. Our significant broker-dealer subsidiaries are members of the Securities Investor Protection Corporation.

MSSB is also a registered investment adviser with the SEC. MSSB's relationship with its investment advisory clients is



subject to the fiduciary and other obligations imposed on investment advisers. The SEC and other supervisory bodies generally have broad administrative powers to address non-compliance, including the power to restrict or limit MSSB from carrying on its investment advisory and other asset management activities.

The Firm is subject to various regulations that affect broker-dealer sales practices and customer relationships, including the SEC's "Regulation Best Interest," which requires broker-dealers to act in the "best interest" of retail customers at the time a recommendation is made without placing the financial or other interests of the broker-dealer ahead of the interest of the retail customer.

Margin lending by our broker-dealers is regulated by the Federal Reserve's restrictions on lending in connection with purchases and short sales of securities. Our broker-dealers are also subject to maintenance and other margin requirements imposed under FINRA and other self-regulatory organization rules.

Our U.S. broker-dealer subsidiaries are subject to the SEC's net capital rule and the net capital requirements of various exchanges, other regulatory authorities and self-regulatory organizations. For more information about these requirements, see Note 16 to the financial statements.

Research Regulation. In addition to research-related regulations currently in place in the U.S. and other jurisdictions, regulators continue to focus on research conflicts of interest and may impose additional regulations.

Futures Activities and Certain Commodities Activities Regulation. MS&Co. and E*TRADE Futures LLC, as futures commission merchants, and MSSB, as an introducing broker,

reporting, central clearing and mandatory trading on regulated exchanges or execution facilities for certain types of swaps and security-based swaps (collectively, "Swaps").

CFTC and SEC rules require registration of swap dealers and security-based swap dealers, respectively, and impose numerous obligations on such registrants, including adherence to business conduct standards for all in-scope Swaps. We have registered a number of U.S. and non-U.S. swap dealers and conditionally registered a number of U.S. and non-U.S. security-based swap dealers. Swap dealers and security-based swap dealers regulated by a prudential regulator are subject to uncleared Swap margin requirements and minimum capital requirements established by the prudential regulators. Swap dealers and security-based swap dealers not subject to regulation by a prudential regulator are subject to uncleared Swap margin requirements and minimum capital requirements established by the CFTC and SEC, respectively. In some cases, the CFTC and SEC permit non-U.S. swap dealers and security-based swap dealers that do not have a prudential regulator to comply with applicable non-U.S. uncleared Swap margin and minimum capital requirements instead of direct compliance with CFTC or SEC requirements.

Investment Management

Many of the subsidiaries engaged in our investment management activities are registered as investment advisers with the SEC. Many aspects of our investment management activities are also subject to federal and state laws and regulations in place primarily for the protection of the investor or client. These laws and regulations generally grant supervisory agencies and bodies broad administrative powers, including the power to limit or restrict us from carrying on our investment management activities in the event that we fail to comply with such laws and regulations.

are subject to net capital requirements of, and certain of their activities are regulated by, the CFTC and the National Futures Association ("NFA"). MS&Co. is also subject to requirements of, and regulation by, the CME Group, in its capacity as MS&Co.'s designated self-regulatory organization, and various commodity futures exchanges of which MS&Co. is a member. Rules and regulations of the CFTC, NFA, the Joint Audit Committee and commodity futures exchanges address obligations related to, among other things, customer asset protections, including rules and regulations governing the segregation of customer funds, the use by futures commission merchants of customer funds, the margining of customer accounts and documentation entered into by futures commission merchants with their customers, record-keeping and reporting obligations of futures commission merchants and introducing brokers, risk disclosure and risk management. Our commodities activities are subject to extensive laws and regulations in the U.S. and abroad.

Derivatives Regulation. We are subject to comprehensive regulation of our derivatives businesses, including regulations that impose margin requirements, public and regulatory



In addition, certain of our subsidiaries are U.S. registered broker-dealers and act as distributors to our proprietary mutual funds and as placement agents to certain private investment funds managed by our Investment Management business segment. Certain of our affiliates are registered as commodity trading advisors and/or commodity pool operators, or are operating under certain exemptions from such registration pursuant to CFTC rules and other guidance, and have certain responsibilities with respect to each pool they advise. Our investment management activities are subject to additional laws and regulations, including restrictions on sponsoring or investing in, or maintaining certain other relationships with, covered funds, as defined by the Volcker Rule, subject to certain limited exemptions. See also "Financial Holding Company—Activities Restrictions under the Volcker Rule," "Institutional Securities and Wealth Management—Broker-Dealer and Investment Adviser Regulation," "Institutional Securities and Wealth Management—Regulation of Futures Activities and Certain Commodities Activities," and "Institutional Securities and Wealth Management—Derivatives Regulation" herein and "Non-U.S. Regulation" herein for a discussion of other



regulations that impact our Investment Management business activities.

U.S. Consumer Protection

We are subject to supervision and regulation by the CFPB with respect to U.S. federal consumer protection laws. Federal consumer protection laws to which we are subject include the Gramm-Leach-Bliley Act's privacy provisions, Equal Credit Opportunity Act, Home Mortgage Disclosure Act, Electronic Fund Transfer Act, Fair Credit Reporting Act, Real Estate Settlement Procedures Act, Truth in Lending Act and Truth in Savings Act, all of which are enforced by the CFPB. We are also subject to certain federal consumer protection laws enforced by the OCC, including the Servicemembers Civil Relief Act. Furthermore, we are subject to certain state consumer protection laws, and under the Dodd-Frank Act, state attorneys general and other state officials are empowered to enforce certain federal consumer protection laws and regulations. These federal and state consumer protection laws apply to a range of our activities.

Non-U.S. Regulation

Our businesses are regulated extensively by non-U.S. regulators, including governments, central banks and regulatory bodies, securities exchanges, commodity exchanges, and self-regulatory organizations, especially in those jurisdictions in which we maintain an office. Certain regulators have prudential, business conduct and other authority over us or our subsidiaries, as well as powers to limit or restrict us from engaging in certain businesses or to conduct administrative proceedings that can result in censures, fines, asset seizures and forfeitures, the issuance of cease-and-desist orders, or the suspension or expulsion of a regulated entity, its affiliates or its employees. Certain of our subsidiaries are subject to capital, liquidity, leverage and other

monitor and report suspicious activity to appropriate law enforcement or regulatory authorities. Outside of the U.S., applicable laws, rules and regulations similarly require designated types of financial institutions to implement AML programs.

We are also subject to Sanctions, such as regulations and economic sanctions programs administered by the U.S. government, including the U.S. Treasury Department's Office of Foreign Assets Control ("OFAC") and the U.S. Department of State, and similar sanctions programs imposed by foreign governments or global or regional multilateral organizations. In addition, we are subject to anti-corruption laws, such as the U.S. Foreign Corrupt Practices Act and the U.K. Bribery Act, in the jurisdictions in which we operate. Anti-corruption laws generally prohibit offering, promising, giving or authorizing others to give anything of value, either directly or indirectly, to a government official or private party in order to influence official action or otherwise gain an unfair business advantage, such as to obtain or retain business.

Cyber and Information Security Risk Management and Protection of Client Information

The financial services industry faces increased global regulatory focus regarding cyber and information security risk management practices. Many aspects of our businesses are subject to cybersecurity legal, regulatory and disclosure requirements enacted by U.S. federal and state governments and other non-U.S. jurisdictions. These requirements are generally aimed at codifying basic cybersecurity protections and mandating data breach notification requirements.

Our businesses are also subject to increasing privacy and data protection legal requirements concerning the use and protection of certain personal information with regard to clients, employees and others. These requirements impose mandatory privacy and data protection obligations, including providing for individual rights, enhanced governance and accountability requirements, and significant fines and litigation risk for noncompliance. In addition, several jurisdictions have enacted or proposed personal and other data localization requirements and restrictions on cross-border transfer of personal and other data that may restrict our ability to conduct business in those jurisdictions or create additional financial and regulatory burdens to do so.

Numerous jurisdictions have passed laws, rules and regulations in these areas and many are considering new or updated ones that could impact our businesses, particularly as the application, interpretation and enforcement of these laws, rules and regulations are often uncertain and evolving. Many aspects of our businesses are

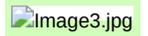
prudential requirements that are applicable under non-U.S. law.

Firmwide Financial Crimes Program

Our Financial Crimes program is coordinated and implemented on an enterprise-wide basis and supports our financial crime prevention efforts across all regions and business units. The program includes anti-money laundering ("AML"), economic sanctions ("Sanctions"), anti-boycott, anti-corruption, anti-tax evasion, and government and political activities compliance programs and aligned business-line risk functions.

In the U.S., the Bank Secrecy Act, as amended by the USA PATRIOT Act of 2001 and the Anti-Money Laundering Act of 2020, imposes significant obligations on financial institutions to detect and deter money laundering and terrorist financing activity, including requiring banks, broker-dealers, futures commission merchants, introducing brokers and mutual funds to develop and implement AML programs, verify the identity of customers that maintain accounts, and

subject to legal requirements concerning the use and protection of certain customer and other information, as well as the privacy and cybersecurity laws referenced above. We have adopted measures designed to comply with these and related applicable requirements in all relevant jurisdictions.



For additional information on our cybersecurity strategy and processes, see "Quantitative and Qualitative Disclosures about Risk—Operational Risk—Cybersecurity."

Human Capital

Employees and Culture

Our employees are our most important asset. With offices in 42 countries, we have had approximately 80 thousand employees across the globe as of December 31, 2023 December 31, 2024, whom we depend on to build value for our clients and shareholders. We are committed to a meritocracy based on the principles of rigor, humility and partnership. To facilitate talent attraction and retention, we strive to make Morgan Stanley a diverse and inclusive workplace with a strong culture and opportunities for our employees to grow and develop in their career. We support our employees with competitive compensation, benefits, and health and wellbeing programs.

Our core values guide decision-making aligned with the expectations of our employees, clients, shareholders,



regulators, directors and the communities in which we operate. These guiding values—*Put Clients First, Do the Right Thing, Lead with Exceptional Ideas, Commit to Diversity and Inclusion, and Give Back*—are at the heart of our workplace culture and underpin our success. Our Code of Conduct is central to our expectation that employees embody our values. Every new hire and every employee annually is required to certify to their understanding of and adherence to the Code of Conduct. We also invite employee feedback on our culture and workplace through our ongoing employee engagement surveys. For a further discussion of the culture, values and conduct of employees, see “Quantitative and Qualitative Disclosures about Risk—Risk Management.”

Diversity and Inclusion

We believe a diverse and inclusive workforce is important to Morgan Stanley's continued success and our ability to serve our clients. Our programming, including the Morgan Stanley Institute for Inclusion, supports our workforce and helps to build a sense of community and belonging for all colleagues. We have deepened our investments to recruit, advance and retain diverse talent through a holistic approach, focused on professional development, health and wellbeing, benefits, and culture.

Talent Development and Retention Employee Representation

We are committed to the development of our workforce and supporting mobility and career growth. Our talent development programs are designed to provide employees with the resources to help them achieve their career goals, build management skills and lead their organizations. We believe supporting employee development and growth contributes to long-term retention.

We continue to offer leadership programs to support employees as they progress in their career at the firm. Firm.

Meritocracy is at the heart of Morgan Stanley's talent development. We believe a workforce that represents the societies in which we live and work, and our global client base, is integral to Morgan Stanley's continued success. Furthermore, we believe that an inclusive workplace is in the best interests of our employees and clients. We continue to invest in efforts to recruit, advance and retain a talented and diverse workforce through a holistic approach that centers on professional development, wellness and a culture that allows every employee to thrive.

by location and include: health care and insurance benefits, mental health resources, flexible spending and health savings accounts, paid time-off, time off, flexible work schedules, family leave, child and elder care resources, financial help with fertility, adoption and surrogacy, and tuition assistance, among many others. Onsite On-site services in our principal locations include health centers, mental health counseling, fitness centers and physical therapy.

In 2023, 2024, we further enhanced our family benefits offerings, introducing a new medical plan administrator and option, and broader benefits decision support women's health, mental health for employees and wellbeing offerings, their families. Our Global Wellbeing Board, comprised of senior management from across the Firm's businesses and geographies, continues to shape and advance our wellbeing strategy, strategy with a focus on harmonizing our global benefit programs. This year, we expanded our mental health and wellbeing training program, now available to all businesses Firmwide. For more detailed information additional detail on our human capital programs and initiatives, see “People and Culture” “Human Capital” in our 2022 2023 ESG Report: Diversity & Inclusion, Climate, and Sustainability Report (found on our website). The reports and information elsewhere on our website are not incorporated by reference into, and do not form any part of, this Annual Report.

Compensation, Financial and Employee Wellbeing

We provide responsible and effective compensation programs that reinforce our values and culture through four key objectives: deliver pay for sustainable performance, attract and retain top talent, align with shareholder interests and mitigate excessive risk taking, risk-taking. In addition to salaries, these programs (which vary by location) include annual bonuses, retirement savings plans with matching contributions, an employee stock purchase plan, student loan refinancing and a financial wellbeing program. To promote equitable rewards for all employees, we have enhanced our practices to support fair and consistent compensation and reward rewards decisions based on merit, perform ongoing reviews of compensation decisions and conduct regular assessments of our rewards structure.

Our employees' health is also central to our ongoing success. We support the physical, mental and financial wellbeing of our global workforce and their families by offering programs focusing on awareness, prevention and access. Offerings vary



Human Capital Metrics

Category	Metric	At		
		2023	2024	
Employees	Employees by geography (thousands)	Americas	53	
		Asia	17	
		EMEA	10	
Culture	Employee engagement:	% Proud to work at Morgan Stanley	92 %	
Diversity and Inclusion Employee Representation	Global gender representation	% Women	40 %	
		% Women officer ²	29 %	
	U.S. ethnic diversity representation	% Ethnically diverse ³	35 %	
		% Ethnically diverse officer ^{2,3}	28 %	
Retention	Voluntary attrition in 2023 2024	% Global	89 %	
		Tenure	Management Committee average length of service (years)	21 23
			All employees average length of service (years)	7
Compensation	Compensation and benefits	Total compensation and benefits expense in 2023 2024 (millions)	\$ 24,558 26,178	

1. The percentage disclosed is based on the 2023 biennial employee engagement survey results, which reflect responses from 89% of employees.
2. Officer includes Managing Directors, Executive Directors and Vice Presidents.
3. U.S. ethnically diverse designations align with the Equal Employment Opportunity Commission's ethnicity and race categories and include American Indian or Native Alaskan, Asian, Black or African American, Hispanic or Latino, Native Hawaiian or Pacific Islander, and two or more races.



Information about Our Executive Officers

The executive officers of Morgan Stanley and their age and titles as of February 22, 2024 February 21, 2025 are set forth below. Business experience is provided in accordance with SEC rules.

Mandell L. Crawley (48) (49). Executive Vice President (since February 2021) and Chief Client Officer of Morgan Stanley (since January 2025). Chief Human Resources Officer (since February 2021) (February 2021 to January 2025). Head of Private Wealth Management (June 2017 to January 2021). Chief Marketing Officer (September 2014 to June 2017). Head of National Business Development and Talent Management for Wealth Management (June 2011 to September 2014). Divisional Business Development Officer (May 2010 to June 2011). Regional Business Development Officer (May 2009 to May 2010). Head of Field Sales and Marketing (February 2008 to May 2009). Head of Fixed Income Capital Markets Sales and Distribution for Wealth Management (April 2004 to February 2008).

James P. Gorman (65). Executive Chairman of the Board of Directors (since January 2012). Chief Executive Officer of Morgan Stanley (January 2012 to December 2023). President (January 2010 to December 2011) and member of the Board of Directors (since January 2010). Co-President (December 2007 to December 2009) and Co-Head of Strategic Planning (October 2007 to December 2009). President and Chief Operating Officer of Wealth Management (February 2006 to April 2008).

Eric F. Grossman (57) (58). Executive Vice President and Chief Legal Officer of Morgan Stanley (since January 2012) and Chief Administrative Officer (since July 2022). Global Head of Legal (September 2010 to January 2012). Global Head of Litigation (January 2006 to September 2010) and General Counsel of the Americas (May 2009 to September 2010). General Counsel of Wealth Management (November 2008 to September 2010). Partner at the law firm of Davis Polk & Wardwell LLP (June 2001 to December 2005).

Edward Pick (55) (56). Chairman of the Board of Directors of Morgan Stanley (since January 2025) and Chief Executive

Daniel A. Simkowitz (58) (59). Co-President of Morgan Stanley (since January 2024). Head of Investment Management (October 2015 to December 2023) and Co-Head of Corporate Strategy (June 2021 to December 2023). Co-Head of Global Capital Markets (March 2013 to September 2015). Chairman of Global Capital Markets (November 2009 to March 2013). Managing Director in Global Capital Markets (December 2000 to November 2009).

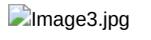
Charles A. Smith (57) (58). Executive Vice President and Chief Risk Officer of Morgan Stanley (since May 2023). Head of Institutional Securities Business Development (March 2017 to May 2023). Chief Financial Officer of Institutional Securities (August 2012 to May March 2017). President of Morgan Stanley Bank, N.A. and Morgan Stanley Private Bank, N.A. National Association (September 2011 to August 2012). Head of Firm Strategy and Execution (May 2008 to September 2011). Managing Director in the Investment Banking Division (December 2005 to May 2008).

Sharon Yeshaya (44) (45). Executive Vice President and Chief Financial Officer of Morgan Stanley (since June 2021). Head of Investor Relations (June 2016 to May 2021). Chief of Staff in the Office of the Chairman and CEO (January 2015 to May 2016). Co-Head of New Product Origination for Derivative Structured Products (December 2012 to December 2014).

Officer of Morgan Stanley (since January 2024). Co-President and Co-Head of Corporate Strategy (June 2021 to December 2023). Head of Institutional Securities (July 2018 to December 2023). Global Head of Sales and Trading (October 2015 to July 2018). Head of Global Equities (March 2011 to October 2015). Co-Head of Global Equities (April 2009 to March 2011). Co-Head of Global Capital Markets (July 2008 to April 2009). Co-Head of Global Equity Capital Markets (December 2005 to July 2008).

Michael A. Pizzi (50). Executive Vice President and Head of Technology and Operations (since January 2025), and Head of U.S. Banks and Head of Technology of Morgan Stanley (from January 2023 to January 2025). Chairman and CEO of Morgan Stanley Private Bank, National Association and Morgan Stanley Bank, N.A. (from June 2021 to January 2025). Head of Digital Direct and Co-Head of Equity Administration for Wealth Management (from October 2020 to June 2021). Chief Executive Officer of E*TRADE Financial Corporation (from August 2019 to October 2020) prior to its acquisition by Morgan Stanley in 2020.

Andrew M. Saperstein (57) (58). Co-President of Morgan Stanley (since June 2021). Head of Wealth Management (April 2019 to December 2023). Co-Head of Wealth Management (January 2016 to April 2019). Co-Chief Operating Officer of Institutional Securities (March 2015 to January 2016). Head of Investment Products and Services (June 2012 to March 2015).



Risk Factors

For a discussion of the risks and uncertainties that may affect our future results and strategic objectives, see "Forward-Looking Statements" preceding "Business" and "Return on Tangible Common Equity Goal" in "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Market Risk

Market risk refers to the risk that a change in the level of one or more market prices, rates, spreads, indices, volatilities, correlations or other market factors, such as market liquidity, will result in losses for a position or portfolio. We have direct exposure to market risk. In addition, market risk may also impact our clients and markets in a manner that may indirectly impact us. For more information on how we monitor and manage market risk, see "Quantitative and Qualitative Disclosures about Risk—Market Risk."

Our results of operations may be materially affected by market fluctuations and by global financial market and economic conditions and other factors.

Our results of operations have been in the past and may, in the future, be materially affected by global financial market and economic conditions, including, in particular, by periods of low or slowing economic growth in the United States and other major markets, both directly and indirectly through their impact on client activity levels. These include the level and volatility of equity, fixed income and commodity prices; the level, term structure and volatility of interest rates; inflation, **currency values and currency values; unemployment rates;** the level of other market indices, fiscal or monetary policies established by **governments,** central banks and financial regulators; and uncertainty concerning the future path of interest rates, government shutdowns, debt ceilings or funding, which may be driven by economic conditions, recessionary fears, market uncertainty or lack of confidence among investors and clients due to the effects of widespread events such as global pandemics, natural disasters, climate-related incidents, acts of war or aggression, geopolitical instability, changes as a result of **global elections, including changes** in U.S. presidential administrations or Congress, changes to global trade policies, supply chain complications and the implementation of tariffs, **or** protectionist trade policies, **trade sanctions or investment restrictions** and other factors, or a combination of these or other factors.

The results of our Institutional Securities business segment, particularly results relating to our involvement in primary and secondary markets for all types of financial products, are subject to substantial market fluctuations due to a variety of factors that we cannot control or predict with great certainty. These fluctuations impact results by causing variations in business flows and activity and in the fair value of securities and other financial products. Fluctuations also occur due to the level of global market activity, which, among other things,

market conditions that in turn affect the size, number and timing of investment banking client assignments and transactions and the realization of returns from our principal investments.

Periods of unfavorable market or economic conditions, including equity market levels and the level and pace of changes in interest rates and asset valuation, may have adverse impacts on the level of individual investor confidence and participation in the global markets and/or the level of and mix of client assets, including **deposits, which would deposits. This could also impact the level of net new asset flows and/or flows into fee-based assets. Any of these factors could negatively impact the results of our Wealth Management business segment.**

Substantial market fluctuations **or divergence in asset performance** could also cause variations in the value of our investments in our funds, the flow of investment capital into or from AUM, and the way customers allocate capital among money market, equity, fixed income or other investment alternatives, which could negatively impact the results of our Investment Management business segment.

The value of our financial instruments may be materially affected by market fluctuations. Market volatility, illiquid market conditions and disruptions in the markets may make it difficult to value and monetize certain of our financial instruments, particularly during periods of market uncertainty or displacement. Subsequent **volatility in future periods, in light of factors that prevailing, may result in significant**

can be impacted by market uncertainty or lack of investor and client confidence due to unforeseen economic, geopolitical or

valuations in future periods, in light of factors then prevailing, may result in significant changes in the value of these instruments and may adversely impact historical or prospective fees and performance-based income (also known as incentive fees, which include carried interest) in respect of certain businesses. In addition, at the time of any sales and settlements of these financial instruments, the price we ultimately realize will depend on the demand and liquidity in the market at that time and may be materially lower than their current fair value. Any of these factors could cause a decline in the value of our financial instruments, which may adversely affect our results of operations in future periods.

In addition, financial markets are susceptible to severe events evidenced by rapid depreciation in asset values accompanied by a reduction in asset liquidity. Under these extreme conditions, hedging and other risk management strategies may not be as effective at mitigating trading losses as they would be under more normal market conditions. Moreover, under these conditions, market participants are particularly exposed to trading strategies employed by many market participants simultaneously and on a large scale, which could lead to increased individual counterparty risk for our businesses. Although our risk management and monitoring processes seek to quantify and mitigate risk to more extreme market moves, severe market events have historically been difficult to predict, and we could realize significant losses if extreme market events were to occur.



Significant changes to interest rates could adversely affect our results of operations.

Our net interest income is sensitive to changes in interest rates, generally resulting in higher net interest income in higher interest rate scenarios and lower net interest income in lower interest rate scenarios. The level and pace of interest rate changes, along with other developments, such as pricing changes to certain deposit types due to various competitive dynamics and alternative cash-equivalent products available to depositors, have in the past impacted, and could again impact, client preferences for cash allocation and the pace of reallocation of client balances, resulting in changes in the deposit mix and associated interest expense, as well as client demand for loans. These factors have in the past adversely affected, and may in the future adversely affect, our results of operations, including our net interest income.

Holding large and concentrated positions may expose us to losses.

Concentration of risk may reduce revenues or result in losses in our market-making, investing, underwriting (including block trading) and lending businesses (including margin lending) in the event of unfavorable market movements. We commit substantial amounts of capital to these businesses, which often results in our taking large positions in the securities of, or making large loans to, a particular issuer or issuers in a particular industry, country or region. In the event we hold a concentrated position larger than those held by competitors, we may incur larger losses. For further information regarding our country risk exposure, see also “Quantitative and Qualitative Disclosures about Risk—Country Risks, Risk.”

Credit Risk

Credit risk refers to the risk of loss arising when a borrower, counterparty or issuer does not meet its financial obligations to us. For more information on how we monitor and manage credit risk, see “Quantitative and Qualitative Disclosures about Risk—Credit Risk.”

We are exposed to the risk that third parties that are indebted to us will not perform their obligations.

We incur significant credit risk exposure through our Institutional Securities business segment. This risk may arise from a variety of business activities, including, but not limited to: extending credit to clients through various lending commitments; entering into swap or other derivative contracts under which counterparties have obligations to make payments to us; acting as clearing broker for listed and over-the-counter derivatives whereby we guarantee client performance to clearinghouses; providing short- or long-term funding that is secured by physical or financial collateral, including, but not limited to, real estate and marketable securities, whose value may at times be insufficient to fully cover the loan repayment amount; posting margin and/or

Our valuations related to, and reserves for losses on, credit exposures rely on complex models, estimates and subjective judgments about the future. While we believe current valuations and reserves adequately address our perceived levels of risk, future economic conditions, including inflation and changes in real estate and other asset values, that differ from or are more severe than forecast, inaccurate models or assumptions, or external factors, such as geopolitical events, changes in international trade policies, global pandemics or natural disasters, or geopolitical events, could lead to inaccurate measurement of or deterioration of credit quality of our borrowers and counterparties or the value of collateral and result in unexpected losses. We may also incur higher-than-anticipated credit losses as a result of (i) disputes with counterparties over the valuation of collateral or (ii) actions taken by other lenders that may negatively impact the valuation of collateral. In cases where we foreclose on collateral, sudden declines in the value or liquidity of collateral may result in significant losses to us despite our (i) credit monitoring, (ii) over-collateralization, (iii) ability to call for additional collateral or (iv) ability to force repayment of the underlying obligation, especially where there is a single type of collateral supporting the obligation. In addition, in the longer term, climate change may have a negative impact on the financial condition of our clients, which may decrease revenues from those clients and increase the credit risk associated with loans and other credit exposures to those clients. Certain of our credit exposures may

collateral and other commitments to clearinghouses, clearing agencies, exchanges, banks, securities firms and other financial counterparties; and investing and trading in securities and loan pools, whereby the value of these assets may fluctuate based on realized or expected defaults on the underlying obligations or loans.

We also incur credit risk in our Wealth Management business segment lending to mainly individual investors, including, but not limited to, margin- and securities-based loans collateralized by securities, residential mortgage loans, including home equity lines of credit (“HELOCs”), and structured loans to ultra-high net worth clients, that are in most cases secured by various types of collateral whose value may at times be insufficient to fully cover the loan repayment amount, including marketable securities, private investments, commercial real estate and other financial assets.

be concentrated by counterparty, product, sector, portfolio, industry or geographic region. Although our models and estimates account for correlations among related types of exposures, a change in the market or economic environment for a concentrated product or an external factor impacting a concentrated counterparty, sector, portfolio, industry or geographic region may result in credit losses in excess of amounts forecast. For further information regarding our country risk exposure, see also “Quantitative and Qualitative Disclosures about Risk—Country Risks. Risk.”

In addition, as a clearing member of several central counterparties, we are responsible for the defaults or misconduct of our customers and could incur financial losses



in the event of default by other clearing members. Although we regularly review our credit exposures, default risk may arise from events or circumstances that are difficult to detect or foresee.

A default by a large financial institution could adversely affect financial markets.

The commercial soundness of many financial institutions and certain other large financial services firms may be closely interrelated as a result of credit, trading, clearing or other relationships among such entities. Increased centralization of trading activities through particular clearinghouses, central agents or exchanges may increase our concentration of risk with respect to these entities. As a result, concerns about, or a default or threatened default by, one or more such entities could lead to significant market-wide liquidity and credit problems, losses or defaults by other institutions, or require



financial commitments to **multi-lateral** **multilateral** actions intended to support market stability. This is sometimes referred to as systemic risk and may adversely affect financial intermediaries, such as clearinghouses, clearing agencies, exchanges, banks and securities firms, with which we interact on a daily basis and, therefore, could adversely affect us. See also “Systemic Risk Regime” under “Business—Supervision and Regulation—Financial Holding Company.”

Operational Risk

Operational risk refers to the risk of loss, or of damage to our reputation, resulting from inadequate or failed processes or systems, **from** human factors (e.g., inappropriate or unlawful conduct) or **from** external events (e.g., cyberattacks or third-party vulnerabilities) that may manifest as, for example, loss of information, business disruption, theft and fraud, legal, regulatory and compliance risks, or damage to physical assets. We may **incur** **experience** operational risk across the full scope of our business activities, including revenue-generating activities and support and control groups (e.g., information technology (“**IT**” (“**IT**”) and trade processing). Legal, regulatory and compliance risk is included in the scope of operational risk and is discussed below under “Legal, Regulatory and Compliance Risk.” For more information on how we monitor and manage operational risk, see “Quantitative and Qualitative Disclosures about Risk—Operational Risk.”

We are subject to operational risks, including a failure, breach or other disruption of our operations or security systems or those of our third parties (or third parties thereof), as well as human error or malfeasance, which could adversely affect our businesses or reputation.

Our businesses are highly dependent on our ability to process and report, on a daily basis, a large number of transactions across numerous and diverse markets in many currencies. We may introduce new products or services or change processes or reporting, including in connection with new regulatory requirements, or integration of processes or systems of

As a major participant in the global capital markets, we face the risk of incorrect valuation or risk management of our trading positions due to flaws in data, models, electronic trading systems or processes, or due to fraud or **cyberattack**, **cyberattacks**. We also face the risk of operational failure or disruption of any of the clearing agents, exchanges, clearinghouses or other financial intermediaries we use to facilitate our lending, securities and derivatives transactions. In addition, in the event of a breakdown or improper operation or disposal of our, or a direct or indirect third party's **systems** (or third parties thereof), **systems**, processes or information assets, or improper or unauthorized action by third parties, including consultants and subcontractors or our employees, we have received in the past and may receive in the future regulatory sanctions, and could suffer financial loss, an impairment to our liquidity position, a disruption of our businesses or damage to our reputation.

In addition, the interconnectivity of multiple financial institutions with central agents, exchanges and clearinghouses, and the increased importance of these entities, increases the risk that an operational failure at one institution or entity may cause an industrywide operational failure that could materially impact our ability to conduct business. Furthermore, the concentration of Firm and personal information held by a small number of third parties increases the risk that a breach or disruption at a key third party may cause an industrywide event that could significantly increase the cost and risk of conducting business. These risks may be heightened to the extent that we rely on third parties that are concentrated in a geographic area.

There can be no assurance that our **or our third parties'** business contingency and security response plans fully mitigate all potential risks to us. Our ability to conduct business may be adversely affected by a disruption in the infrastructure that supports our businesses and the communities where we are located. This may include a disruption involving physical site access; software flaws and

acquired companies, resulting in new operational risk that we may not fully appreciate or identify.

The trend toward direct access to automated, electronic markets, and the move to more automated trading platforms has resulted in the use of increasingly complex technology that relies on the continued effectiveness of the programming code and integrity of the data to process the trades. We rely on the ability of our employees, our consultants, our internal systems and systems at technology centers maintained by unaffiliated third parties to operate our different businesses and process a high volume of transactions. Unusually high trading volumes or site usage could cause our systems to operate at an unacceptably slow speed or even fail. Disruptions to, destruction of, instability of or other failure to effectively maintain our IT systems or external technology that allows our clients and customers to use our products and services (including our self-directed brokerage **platform** **platform** and **mobile services**) could harm our business and our reputation.



vulnerabilities; cybersecurity incidents; terrorist activities; political unrest; disease pandemics; catastrophic events; climate-related incidents and natural disasters (such as earthquakes, tornadoes, floods, hurricanes and wildfires); electrical outages; environmental hazards; computer servers; internet outages; client access to our digital platforms and mobile applications; communication platforms or other services we use; new technologies (such as generative artificial intelligence); and our employees or third parties with whom we conduct business. Although we and the third parties with whom we conduct business employ backup systems for our data, those backup systems may be unavailable following a disruption, the affected data may not have been backed up or may not be recoverable from the backup, the backup systems may not process data as accurately or efficiently as the primary systems or the backup data may be costly to recover, any of which could adversely affect our business.

Notwithstanding evolving technology and technology-based risk and control systems, our businesses ultimately rely on people, including our employees and those of our third parties with whom we conduct business, (or third parties thereof). As a result of human error or engagement in violations of applicable policies, laws, rules or procedures, certain errors or violations are not always discovered immediately by our technological processes or by



our controls and other procedures that are intended to prevent and detect such errors or violations. These can include calculation or input errors, inadvertent or duplicate payments, mistakes in addressing emails or other communications, errors in software or model development or implementation, or errors in judgment, as well as intentional efforts to disregard or circumvent applicable policies, laws, rules or procedures. Our use of new technologies may be undermined by such human errors or misconduct due to undetected flaws or biases in the algorithms or data utilized by such technologies. Human errors and malfeasance, even if promptly discovered and remediated, can result in material losses and liabilities for us, and negatively impact our reputation in the future.

We conduct business in various jurisdictions outside the U.S., including jurisdictions that may not have comparable levels of protection for their corporate assets, such as intellectual property, trademarks, trade secrets, know-how, and customer information and records. The protection afforded in those jurisdictions may be less established and/or predictable than in the U.S. or other jurisdictions in which we operate. As a result, there may also be heightened risks associated with the potential theft of their data, technology and intellectual property in those jurisdictions by domestic or foreign actors, including private parties and those affiliated with or controlled by state actors. Additionally, we are subject to complex and evolving U.S. and international laws and regulations governing areas such as cybersecurity, privacy and data governance, transfer and protection, which may differ and potentially conflict, in various jurisdictions. Any theft of data, technology or intellectual property may negatively impact our operations and reputation, including disrupting the business activities of our subsidiaries, affiliates,

increased nation-state targeting of financial institutions in the U.S. and abroad.

Information security risks may also derive from human error, fraud or malice on the part of our employees or third parties, software bugs, server malfunctions, software or hardware failure or other technological failure. For example, human error has led to the loss of the Firm's physical data-bearing devices in the past. These risks may be heightened by several factors, including remote work, reliance on new technologies (such as generative artificial intelligence) or as a result of the integration of acquisitions and other strategic initiatives that may subject us to new technology, customers or third-party providers. In addition, third parties with whom we do business or share information, and each of their service providers, our regulators and the third parties with whom our customers and clients share information used for authentication, may also be sources of cybersecurity and information security risks, particularly where these activities of customers are beyond our security and control systems. There is no guarantee that the measures we take will provide absolute security or recoverability given that the techniques used in cyberattacks are complex, frequently change and are difficult to anticipate.

Like other financial services firms, the Firm, its third-party providers and its clients continue to be the subject of unauthorized access attacks; mishandling, loss, theft or misuse of information; computer viruses or malware; cyberattacks designed to obtain confidential information, destroy data, disrupt or degrade service, sabotage systems or networks, impede our ability to execute or confirm settlement of transactions or cause other damage; ransomware; denial of

joint ventures or clients conducting business in those jurisdictions.

A cyberattack, information or security breach or a technology failure of ours or a third party could adversely affect our ability to conduct our business or manage our exposure to risk, or result in disclosure or misuse of personal, confidential or proprietary information and otherwise adversely impact our results of operations, liquidity and financial condition, as well as cause reputational harm.

Cybersecurity risks for financial institutions have significantly increased in recent years, in part because of the proliferation of new technologies; the use of the internet, mobile telecommunications and cloud technologies to conduct financial transactions; and the increased sophistication and activities of organized crime, hackers, terrorists, nation-states, state-sponsored actors and other parties. Any of these parties may also attempt to fraudulently induce employees, customers, clients, vendors or other third parties or users of our systems to disclose sensitive information in order to gain access to our networks, systems or data or those of our employees or clients, and such parties may see their effectiveness enhanced by the use of artificial intelligence. Global events and geopolitical instability have also led to



service attacks; data breaches; social engineering attacks; phishing attacks; and other events. There can be no assurance that such unauthorized access, mishandling or misuse of information, or cybersecurity incidents will not occur in the future and they could occur more frequently and on a more significant scale.

We maintain a significant amount of personal and confidential information on our customers, clients and certain counterparties that we are required to protect under various state, federal and international data protection and privacy laws. These laws may be in conflict with one another or courts and regulators may interpret them in ways that we had not anticipated or that adversely affect our business. A cyberattack, information or security breach, or a technology failure of ours or of a third party could jeopardize our or our clients', employees', partners', vendors' or counterparties' personal, confidential, proprietary or other information processed and stored in, and transmitted through, our and our third parties' computer systems and networks. Furthermore, such events could cause interruptions or malfunctions in our, our clients', employees', partners', vendors', counterparties' or third parties' operations, as well as the unauthorized release, gathering, monitoring, misuse, loss or destruction of personal, confidential, proprietary and other information of ours, our employees, our customers or of other third parties. Any of these events could result in reputational damage with



our clients and the market, client dissatisfaction, additional costs to us to maintain and update our operational and security systems and infrastructure, violation of the applicable data protection and privacy laws, regulatory investigations and enforcement actions, litigation exposure, or fines or penalties, any of which could adversely affect our business, financial condition or results of operations.

Given our global footprint and the high volume of transactions we process; the large number of clients, partners, vendors and counterparties we interact with which we do to conduct business; and the increasing sophistication of cyberattacks, cyberattacks; a cyberattack or information or security breach could occur and persist for an extended period of time without detection. It could take considerable time for us to determine the scope, extent, amount and type of information compromised, and the impact of such an attack may not be fully understood. During such time, we would not necessarily know the extent of the harm or how best to remediate it, and certain errors or actions could be repeated or compounded before they are discovered and remediated, if at all, all or any of which would further increase the costs and consequences of a cyberattack or information security incident.

While many of our agreements with partners and third-party vendors third parties include indemnification provisions, we may not be able to recover sufficiently, or at all, under such provisions to adequately offset any losses we may incur. In addition, although we maintain insurance coverage that may, subject to policy terms and conditions, cover certain aspects of cyber and information security risks, such insurance coverage may be insufficient to cover any or all losses we may incur, and we

on how we monitor and manage liquidity risk, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources" and "Quantitative and Qualitative Disclosures about Risk—Liquidity Risk."

Liquidity is essential to our businesses and we rely on external sources to finance a significant portion of our operations.

Liquidity is essential to our businesses. Our liquidity could be negatively affected by our inability to raise funding in the long-term or short-term debt capital markets, our inability to access the secured lending markets, our inability to attract and retain deposits, or unanticipated outflows of cash or collateral by customers or clients. Factors that we cannot control, such as volatility and disruption of the financial markets or negative views about the financial services industry generally, including concerns regarding fiscal matters in the U.S. and other geographic areas, could impair our ability to raise funding.

In addition, our ability to raise funding could be impaired if investors, depositors or lenders develop a negative perception of our long-term or short-term financial prospects due to factors such as an incurrence of large trading, credit or operational losses, a downgrade by the rating agencies, a decline in the level of our business activity, if regulatory authorities take significant action against us or our industry, or if we discover significant employee misconduct or illegal activity.

cannot be sure that such insurance will continue to be available to us on commercially reasonable terms, or at all, or that our insurers will not deny coverage as to any future claim.

We continue to make investments with a view toward maintaining and enhancing our cybersecurity, resilience and information security posture, including investments in technology and associated technology risk management activities. The cost of managing cybersecurity and information security risks and attacks, along with complying with new, increasingly expansive and evolving regulatory requirements, could adversely affect our results of operations and business.

Liquidity Risk

Liquidity risk refers to the risk that we will be unable to finance our operations due to a loss of access to the capital markets or difficulty in liquidating our assets. Liquidity risk also encompasses our ability (or perceived ability) to meet our financial obligations without experiencing significant business disruption or reputational damage that may threaten our viability as a going concern, as well as the associated funding risks triggered by the market or idiosyncratic stress events that may negatively affect our liquidity and may impact our ability to raise new funding or the cost of new funding. For more information



If we are unable to raise funding using the methods described above, we would likely need to utilize other funding sources or finance or liquidate unencumbered assets, such as our investment portfolios or trading assets, to meet maturing liabilities or other obligations. We may be unable to sell some of our assets or we may have to sell assets at a discount to market value, either of which could adversely affect our results of operations, cash flows and financial condition.

Our borrowing costs and access to the debt capital markets depend on our credit ratings.

The cost and availability of unsecured financing generally are impacted by (among other things) our long-term and short-term credit ratings. The rating agencies continue to monitor certain Firm-specific and industrywide factors that are important to the determination of our credit ratings. These include governance, capital adequacy, the level and quality of earnings, liquidity and funding, risk appetite and management, asset quality, strategic direction, business mix, regulatory or legislative changes, macroeconomic environment and perceived levels of support, and it is possible that the rating agencies could downgrade our ratings and those of similar institutions.

Our credit ratings also can have an adverse impact on certain trading revenues, particularly in those businesses where longer-term counterparty performance is a key consideration,



such as OTC and other derivative transactions, including credit derivatives and interest rate swaps. In connection with certain OTC trading agreements and certain other agreements associated with our Institutional Securities business segment, we may be required to provide additional collateral to, or immediately settle any outstanding liability balance with, certain counterparties in the event of a credit rating downgrade.

Termination of our trading agreements could cause us to sustain losses and impair our liquidity by requiring us to find other sources of financing or to make significant payments in the form of cash or securities. The additional collateral or termination payments that may occur in the event of a future credit rating downgrade vary by contract and can be based on ratings by Moody's Investors Service, Inc., S&P Global Ratings and/or other rating agencies. See also "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Credit Ratings—Incremental Collateral or Terminating Payments."

We are a holding company and depend on payments from our subsidiaries.

The Parent Company has no business operations and depends on dividends, distributions, loans and other payments from its subsidiaries to fund dividend payments and to fund all payments on its obligations, including debt obligations. Regulatory restrictions, tax restrictions or elections and other legal restrictions may limit our ability to transfer funds freely, either to or from our subsidiaries. In particular, many of our

Our liquidity and financial condition have in the past been, and in the future could be, adversely affected by U.S. and international markets and economic conditions.

Our ability to raise funding in the long-term or short-term debt capital markets or the equity markets, or to access secured lending markets, has in the past been, and could in the future be, adversely affected by conditions in the U.S. and international markets and economies.

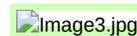
In particular, our cost and availability of funding in the past have been, and may in the future be, adversely affected by illiquid credit markets, interest rates and wider credit spreads. Significant turbulence in the U.S., the E.U. and other international markets and economies could adversely affect our liquidity and financial condition and the willingness of certain counterparties and customers to do business with us.

Legal, Regulatory and Compliance Risk

Legal, regulatory and compliance risk includes the risk of legal or regulatory sanctions; material financial loss, including fines, penalties, judgments, damages and/or settlements; limitations on our business; or loss to reputation we may suffer as a result of our failure to comply with laws, regulations, rules, related self-regulatory organization standards and codes of conduct applicable to our business activities. This risk also includes contractual and commercial risk, such as the risk that a counterparty's performance obligations will be unenforceable. It also includes compliance with AML, terrorist financing and anti-corruption rules and regulations. For more information on how we monitor and manage legal, regulatory and compliance risk, see "Quantitative and Qualitative Disclosures about Risk—Legal, Regulatory and Compliance Risk."

subsidiaries, including our bank and broker-dealer subsidiaries, are subject to laws, regulations and self-regulatory organization rules that, in certain circumstances, limit, as well as permit regulatory bodies to block or reduce, the flow of funds to the Parent Company, or that prohibit such transfers or dividends altogether, including steps to "ring fence" entities by regulators outside the U.S. to protect clients and creditors of such entities in the event of financial difficulties involving such entities.

These laws, regulations and rules may hinder our ability to access funds that we may need to make payments on our obligations. Furthermore, as a BHC, we may become subject to a prohibition or to limitations on our ability to pay dividends. The Federal Reserve, the OCC and the FDIC U.S. banking agencies have the authority, and under certain circumstances the duty, to prohibit or to limit the payment of dividends or other capital actions by the banking organizations they supervise, including us and our U.S. Bank Subsidiaries. See "We may be prevented from paying dividends or taking other capital actions because of regulatory constraints or revised regulatory capital requirements" under "Legal, Regulatory and Compliance Risk" herein.



The financial services industry is subject to extensive regulation, and changes in regulation will impact our business.

Like other major financial services firms, we are subject to extensive regulation by U.S. federal and state regulatory agencies and securities exchanges, and by regulators and exchanges in each of the major markets where we conduct our business, including an increasing number of complex sanctions and disclosure regimes. These laws and regulations, which may continue to increase in volume and complexity, significantly affect the way and costs of doing business and can restrict the scope of our existing businesses and limit our ability to expand our product offerings and pursue certain investments.

The Firm and its employees are subject to wide-ranging regulation and supervision, which, among other things, subject us to intensive scrutiny of our businesses and any plans for expansion of those businesses through acquisitions or otherwise, limitations on activities, a systemic risk regime that imposes heightened capital and liquidity and funding requirements, including the global implementation of capital standards established by the Basel Committee, and other enhanced prudential standards,



resolution regimes and resolution planning requirements, requirements for maintaining minimum amounts of TLAC and external long-term debt, restrictions on activities and investments imposed by the Volcker Rule, comprehensive derivatives regulation, interest rate benchmark requirements, commodities regulation, market structure regulation, consumer protection regulation, **AML, terrorist financing and anti-corruption rules and regulations**, tax regulations and interpretations, antitrust laws, trade and transaction reporting obligations, **requirements related to preventing the misuse of confidential information, including material non-public information, record-keeping requirements**, broadened fiduciary obligations and disclosure requirements.

New laws, rules, regulations and guidelines, as well as ongoing implementation of, our efforts to comply with, and/or changes to laws, rules, regulations and guidelines, including changes in the breadth, application, interpretation or enforcement of laws, rules, regulations and guidelines, could materially impact the profitability of our businesses and the value of assets we hold, impact our income tax provision and effective tax rate, expose us to additional theories of liability and additional costs, require changes to business practices or force us to discontinue businesses, adversely affect our ability to pay dividends and repurchase our stock or require us to raise capital, including in ways that may adversely impact our shareholders or creditors.

In addition, regulatory requirements that are imposed by foreign policymakers and regulators may be inconsistent or conflict with regulations that we are subject to in the U.S. and may adversely affect us.

debt. See "Business—Supervision and Regulation" and "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Regulatory Requirements."

Further, because both our resolution plan contemplates an SPOE strategy under the U.S. Bankruptcy Code and the FDIC has **proposed indicated that it expects to use** an SPOE strategy through which it may apply its orderly liquidation authority powers **for a U.S. G-SIB**, we believe that the application of an SPOE strategy is the reasonably likely outcome if either our resolution plan were implemented or a resolution proceeding were commenced under the orderly liquidation authority. An SPOE strategy generally contemplates the provision of adequate capital and liquidity by the Parent Company to certain of its subsidiaries so that such subsidiaries have the resources necessary to implement the resolution strategy, and the Parent Company has entered into a secured amended and restated support agreement with such entities, pursuant to which it would provide such capital and liquidity to such entities.

In addition, a wholly owned, direct subsidiary of the Parent Company, Morgan Stanley Holdings LLC ("Funding IHC"), serves as a resolution funding vehicle. The Parent Company has transferred, and has agreed to transfer on an ongoing basis, certain assets to the Funding IHC. In the event of a resolution scenario, the Parent Company would be obligated to contribute all of its material assets that can be contributed under the terms of the amended and restated support

The application of regulatory requirements and strategies in the U.S. or other jurisdictions to facilitate the orderly resolution of large financial institutions may pose a greater risk of loss for our security holders and subject us to other restrictions.

We are required to submit once every two years to the Federal Reserve and the FDIC a resolution plan that describes our strategy for a rapid and orderly resolution under the U.S. Bankruptcy Code in the event of material financial distress or failure. If the Federal Reserve and the FDIC were to jointly determine that our resolution plan submission was not credible or would not facilitate an orderly resolution, and if we were unsuccessful in addressing any deficiencies identified by the regulators, we or any of our subsidiaries may be subject to more stringent capital, leverage or liquidity requirements or restrictions on our growth, activities or operations, or after a two-year period, we may be required to divest assets or operations.

In addition, provided that certain procedures are met, we can be subject to a resolution proceeding under the orderly liquidation authority under Title II of the Dodd-Frank Act with the FDIC being appointed as receiver instead of being resolved under the U.S. Bankruptcy Code. The FDIC's power under the orderly liquidation authority to disregard the priority of creditor claims and treat similarly situated creditors differently in certain circumstances, subject to certain limitations, could adversely impact holders of our unsecured



agreement (other than shares in subsidiaries of the Parent Company and certain other assets) to the Funding IHC. The Funding IHC would be obligated to provide capital and liquidity, as applicable, to certain supported subsidiaries, pursuant to the terms of the secured amended and restated support agreement.

The obligations of the Parent Company and of the Funding IHC, respectively, under the amended and restated support agreement are in most cases secured on a senior basis by the assets of the Parent Company (other than shares in subsidiaries of the Parent Company and certain other assets), and the assets of the Funding IHC, as applicable. As a result, claims of certain supported subsidiaries, including the Funding IHC, against the assets of the Parent Company with respect to such secured assets are effectively senior to unsecured obligations of the Parent Company.

Although an SPOE strategy, whether applied pursuant to our resolution plan or in a resolution proceeding under the orderly liquidation authority, is intended to result in better outcomes for creditors overall, there is no guarantee that the application of an SPOE strategy, including the provision of support to the Parent Company's supported subsidiaries pursuant to the secured amended and restated support agreement, will not result in greater losses for holders of our securities compared with a different resolution strategy for us.

Regulators have taken and proposed various actions to facilitate an SPOE strategy under the U.S. Bankruptcy Code,



the orderly liquidation authority and other resolution regimes. For example, the Federal Reserve requires top-tier BHCs of U.S. G-SIBs, including the Firm, to maintain adequate TLAC, including equity and eligible long-term debt, in order to ensure that such institutions have enough loss-absorbing resources at the point of failure to be recapitalized through the conversion of debt to equity or otherwise by imposing losses on eligible TLAC where the SPOE strategy is used. The combined implication of the SPOE resolution strategy and the TLAC requirement is that our losses will be imposed on the holders of eligible long-term debt and other forms of eligible TLAC issued by the Parent Company before any losses are imposed on the creditors of our supported subsidiaries without requiring taxpayer or government financial support.

In addition, certain jurisdictions, including the U.K. and E.U. jurisdictions, have implemented **or are in the process of implementing**, changes to resolution regimes to provide resolution authorities with the ability to recapitalize a failing entity organized in such jurisdiction by writing down certain unsecured liabilities or converting certain unsecured liabilities into equity. Such "bail-in" powers are intended to enable the recapitalization of a failing institution by allocating losses to its shareholders and unsecured creditors. This may increase the overall level of capital and liquidity required by us on a consolidated basis and may result in limitations on our ability to efficiently distribute capital and liquidity among our affiliated entities, including in times of stress. Non-U.S. regulators are also considering requirements that certain subsidiaries of large financial institutions maintain minimum

The financial services industry faces substantial litigation and is subject to extensive regulatory and law enforcement investigations, and we may face damage to our reputation and legal liability.

As a global financial services firm, we face the risk of investigations and proceedings by governmental and self-regulatory organizations in all countries in which we conduct our business. These investigations and proceedings, as well as the amount of penalties and fines sought, continue to impact the financial services industry. Certain U.S. and international governmental entities have brought criminal actions against, or have sought criminal convictions, pleas, deferred prosecution agreements or non-prosecution agreements from financial institutions. Significant regulatory or law enforcement action against us could materially adversely affect our business, reputation, financial condition or results of operations, and increase our exposure to civil litigation.

Investigations and proceedings initiated by these authorities may result in adverse judgments, settlements, fines, penalties, disgorgement, restitution, forfeiture, injunctions or other relief, and have included and may in the future include requirements that the Firm admit certain conduct, which may result in increased exposure to civil litigation. In addition, these measures have caused and may in the future cause collateral consequences. For example, such matters could impact our ability to engage in, or impose limitations on, certain of our businesses.

amounts of TLAC that would pass losses up from the subsidiaries to the Parent Company and, ultimately, to security holders of the Parent Company in the event of failure.

We may be prevented from paying dividends or taking other capital actions because of regulatory constraints or revised regulatory capital requirements.

We are subject to comprehensive consolidated supervision, regulation and examination by the Federal Reserve, including with respect to regulatory capital requirements, stress testing and capital planning. We submit, on at least an annual basis, a capital plan to the Federal Reserve describing proposed dividend payments to shareholders, proposed repurchases of our outstanding securities and other proposed capital actions that we intend to take. Our ability to take capital actions described in the capital plan is dependent on, among other factors, the results of supervisory stress tests conducted by the Federal Reserve and our compliance with regulatory capital requirements imposed by the Federal Reserve.

In addition, the Federal Reserve may change regulatory capital requirements to impose higher requirements that restrict our ability to take capital actions or may modify or impose other regulatory standards or restrictions that increase our operating expenses or constrain our ability to take capital actions. For additional information, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources."



As part of the resolution of certain investigations and proceedings, the Firm has been and may in the future be required to undertake certain measures and failure to do so may result in adverse consequences, such as further investigations or proceedings—both civil and criminal—and additional penalties, fines, judgments or other relief.

The Dodd-Frank Act also provides compensation to whistleblowers who present the SEC or CFTC with information related to securities or commodities law violations that leads to a successful enforcement action. As a result of this compensation, it is possible we could face an increased number of investigations by the SEC or CFTC.

We have been named, from time to time, as a defendant in various legal actions, including arbitrations, class actions and other litigation, as well as investigations or proceedings brought by regulatory agencies, arising in connection with our activities as a global diversified financial services institution. Certain of the actual or threatened legal or regulatory actions include claims for substantial compensatory and/or punitive damages or claims for indeterminate amounts of damages, or may result in material penalties, fines or other results adverse to us.

In some cases, the third-party entities that would otherwise be the primary defendants in such cases are bankrupt, in financial distress or may not honor applicable indemnification



obligations. In other cases, including antitrust litigation, we may be subject to claims for joint and several liability with other defendants for treble damages or other relief related to alleged conspiracies involving other institutions. Like any large corporation, we are also subject to risk from potential employee misconduct, including noncompliance with policies, laws, rules and regulations, and improper use or disclosure of confidential information, or improper sales practices or other conduct.

We may be responsible for representations and warranties associated with commercial and residential real estate loans and may incur losses in excess of our reserves.

We originate loans secured by commercial and residential properties. Further, we securitize and trade in a wide range of commercial and residential real estate and real estate-related assets and products. In connection with these activities, we have provided, or otherwise agreed to be responsible for, certain representations and warranties. Under certain circumstances, we may be required to repurchase such assets or make other payments related to such assets if such representations and warranties were breached, and may incur losses as a result. We have also made representations and warranties in connection with our role as an originator of certain loans that we securitized in CMBS and RMBS. For additional information, see Note 14 to the financial statements.

occur and could adversely affect our businesses and reputation.

Our regulators also have the ability to scrutinize our activities for potential conflicts of interest, including through detailed examinations of specific transactions. For example, our status as a BHC supervised by the Federal Reserve subjects us to direct Federal Reserve scrutiny with respect to transactions between our U.S. Bank Subsidiaries and their affiliates. Further, the Volcker Rule subjects us to regulatory scrutiny regarding certain transactions between us and our clients.

Risk Management

Our risk management strategies, models and processes may not be fully effective in mitigating our risk exposures in all market environments or against all types of risk, which could result in unexpected losses.

We have devoted significant resources to develop our risk management capabilities and expect to continue to do so in the future. Nonetheless, our risk management strategies, models and processes, including our use of various risk models for assessing market, credit, liquidity and operational exposures and hedging strategies, stress testing and other analysis capabilities, and expect to continue to do so in the future. Nonetheless, our risk management capabilities may not be fully effective in mitigating our risk exposure in all market environments or against all types of risk, including risks that are unidentified or unanticipated.

A failure to address conflicts of interest appropriately could adversely affect our businesses and reputation.

As a global financial services firm that provides products and services to a large and diversified group of clients, including corporations, governments, financial institutions and individuals, we face potential conflicts of interest in the normal course of business. For example, potential conflicts can occur when there is a divergence of interests between us and a client, among clients, between an employee on the one hand and us or a client on the other, or situations in which we may be a creditor of a client. Moreover, we utilize multiple brands and business channels, including those resulting from our acquisitions, and continue to enhance the collaboration across business segments, which may heighten the potential conflicts of interest or the risk of improper sharing of information.

We have policies, procedures and controls that are designed to identify and address potential conflicts of interest, and we utilize various measures, such as the use of disclosure, to manage these potential conflicts. However, identifying and mitigating potential conflicts of interest can be complex and challenging and can become the focus of media and regulatory scrutiny. Indeed, actions that merely appear to create a conflict can put our reputation at risk even if the likelihood of an actual conflict has been mitigated. It is possible that potential conflicts could give rise to litigation or enforcement actions, which may lead to our clients being less willing to enter into transactions in which a conflict may



As our businesses change and grow, including through acquisitions and the introduction and application of new technologies, such as artificial intelligence, and the markets in which we operate evolve, our risk management strategies, models and processes may not always adapt with those changes. Some of our methods of managing risk are based upon our use of observed historical market behavior and management's judgment. As a result, these methods may not predict future risk exposures, which could be significantly greater than the historical measures indicate.

In addition, many models we use are based on assumptions or inputs regarding correlations among prices of various asset classes or other market indicators and, therefore, cannot anticipate sudden, unanticipated or unidentified market or economic movements, such as the impact of a pandemic or a sudden geopolitical conflict, which could cause us to incur losses.

Management of market, credit, liquidity, operational, model, legal, regulatory and compliance risks requires, among other things, policies and procedures to record properly and verify a large number of transactions and events, and these policies and procedures may not be fully effective. Our trading risk management strategies and techniques also seek to balance our ability to profit from trading positions with our exposure to potential losses.

While we employ a broad and diversified set of risk monitoring and risk mitigation techniques, those techniques and the judgments that accompany their application cannot



anticipate every economic and financial outcome or the timing of such outcomes. For example, to the extent that our trading or investing activities involve less liquid trading markets or are otherwise subject to restrictions on sales or hedging, we may not be able to reduce our positions and, therefore, reduce our risk associated with such positions. We may, therefore, incur losses in the course of our trading or investing activities. For more information on how we monitor and manage market and certain other risks and related strategies, models and processes, see “Quantitative and Qualitative Disclosures about Risk—Market Risk.”

Climate change manifesting as physical or transition risks could result in increased costs and risks and adversely affect our operations, businesses and clients.

There continues to be increasing concern over the risks of climate change and related environmental sustainability matters. The physical risks of climate change include harm to people and property arising from acute, climate-related events, such as floods, hurricanes, heatwaves, droughts and wildfires, and chronic, longer-term shifts in climate patterns, such as higher global average temperatures, rising sea levels and long-term droughts. Such events could disrupt our operations or those of our clients or third parties on which we rely, including through direct damage to physical assets and indirect impacts from supply chain disruption and market volatility. These events could impact the ability of certain of our clients or

in reputational harm as a result of public sentiment, legislative and regulatory scrutiny (including from U.S. federal and state governments and foreign policymakers and regulators), litigation and reduced investor and stakeholder confidence. If we are unable to achieve our objectives relating to climate change or our current response to climate change is perceived to be ineffective or insufficient, or the way we respond is perceived negatively, our business and reputation may suffer.

The risks associated with, and the perspective of regulators, governments, shareholders, employees and other stakeholders regarding climate change, as well as geopolitical events, continue to evolve rapidly, making it difficult to assess the ultimate impact on us of climate-related risks and uncertainties. As climate risk is interconnected with other risks, we have developed and continue to enhance processes to embed climate risk considerations into our risk management practices and governance structures. Despite our risk management practices, the unpredictability surrounding the timing and severity of climate-related events, and societal or political changes in reaction to them, make it difficult to predict, identify, monitor and mitigate climate risks.

In addition, the methodologies and data used to manage and monitor climate risk continue to evolve. Current approaches utilize information and estimates that have been derived from information or factors released by third-party sources, which may not reflect the latest or most accurate data. Climate-related data, particularly greenhouse gas emissions for clients and counterparties, remains limited in availability and varies in quality. Certain third-party information may also change

customers to repay their obligations, reduce the value of collateral, increase costs, including the cost or availability of insurance coverage, and result in other adverse effects.

The transition risks of climate change include policy, legal, technology and market changes. Examples of these transition risks include changes in consumer and business sentiment, related technologies, shareholder preferences and any additional regulatory and legislative requirements, including increased disclosure or regulation of carbon taxes, emissions. These risks could increase our expenses and adversely impact our strategies, including by limiting our ability to pursue certain business activities or offer certain products and services. strategies. Negative impacts to certain of our clients, such as decreased profitability and asset write-downs, could also lead to increased credit counterparty and liquidity risk to us.

In addition, our reputation and client relationships may be adversely impacted as a result of our, or our clients', involvement in certain practices that may have, or are associated with having, an adverse impact on climate change. Legislative or regulatory change regarding climate-related risks, including inconsistent requirements and uncertainties, could result in loss of revenue, or increased credit, market, liquidity, regulatory, compliance, reputational and other risks and costs.

Our ability to achieve our climate-related targets and commitments and the way we go about this could also result



over time as methodologies evolve and are refined. While we believe this information is the best available at the time, we may only be able to complete limited validation. Furthermore, modeling capabilities and methodologies to analyze climate-related risks, although improving, remain nascent and emerging, emerging and are subject to uncertainty due to limited historical trend information and the absence of standardized and comprehensive data. These and other factors could cause results to differ materially, which could impact our ability to manage climate-related risks.

Replacement or reform of certain interest rate benchmarks could adversely affect our business, securities, financial condition and results of operations.

Central banks around the world, including the Federal Reserve, have sponsored initiatives in recent years to replace LIBOR and replace or reform certain other interest rate benchmarks (collectively, the "IBORs"). A transition away from use of the IBORs to alternative rates and other potential interest rate benchmark reforms has been underway for a number of years.

These reforms have caused and may in the future cause such rates to perform differently than in the past, or to cease entirely, or have other consequences that are contrary to market expectations.

The ongoing market transition away from these interest rate benchmarks to alternative reference rates is complex and



could have a range of adverse impacts on our business, securities, financial condition and results of operations, including:

- Adversely impacting the pricing, liquidity, value of, return on and trading for a broad array of financial products, including any securities, loans and derivatives that are included in our financial assets and liabilities that are linked to these interest rate benchmarks;
- Inquiries, reviews or other actions from regulators in respect of our (or the market's) preparation, readiness, transition plans and actions regarding the replacement of a legacy interest rate benchmark with one or more alternative reference rates;
- Disputes, litigation or other actions with clients, counterparties and investors in various scenarios, such as regarding the interpretation and enforceability of provisions in IBOR-based products such as fallback language or other related provisions, including in the case of fallbacks to the alternative reference rates, any economic, legal, operational or other impact resulting from the fundamental differences between the IBORs and the various alternative reference rates or regarding the interpretation of applicable legislation, regulations or rules; and
- Causing us to incur additional costs in relation to any of the above factors.

Other factors include the pace of the transition to the alternative reference rates, timing mismatches between cash and derivative markets, the specific terms and parameters for and market acceptance of any alternative reference rate, market conventions for the use of any alternative reference rate in connection with a particular product (including the timing and market adoption of any conventions proposed or recommended by any industry or other group), prices of and the liquidity of trading markets for products based on alternative reference rates, and our ability to further transition and develop appropriate systems and analytics for one or more alternative reference rates.

See also "Management's Discussion and Analysis of Financial Condition and Results of Operations—Regulatory Requirements—Regulatory Developments and Other Matters."

Competitive Environment

We face strong competition from financial services firms and others, which could lead to pricing pressures that could materially adversely affect our revenues and profitability.

The financial services industry and all aspects of our businesses are intensely competitive, and we expect them to remain so. We compete with commercial banks, global investment banking firms, brokerage firms, insurance companies, exchanges, electronic trading and clearing platforms, financial data repositories, banks, regional banks, broker-dealers, wire houses, private banks, registered investment advisers, digital investing platforms, traditional and sponsors of mutual funds, hedge funds, real assets funds and private credit and equity funds, energy companies, alternative asset managers, financial technology firms

Automated trading markets and the introduction and application of new technologies may adversely affect our business and may increase competition.

We continue to experience price competition in some of our businesses. In particular, the ability to execute securities, derivatives and other financial instrument trades electronically on exchanges, swap execution facilities and other automated trading platforms, and the introduction and application of new technologies, including generative artificial intelligence, will likely continue the pressure on revenues. The trend toward direct access to automated, electronic markets will likely continue as additional markets move to more automated trading platforms. We have experienced, and will likely continue to experience, competitive pressures in these and other areas in the future.

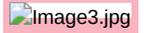
Our ability to retain and attract qualified employees is critical to the success of our business and the failure to do so may materially adversely affect our performance.

Our people are our most important asset. We compete with various other companies in attracting and retaining qualified

and other companies offering financial and ancillary services in the U.S. and globally, including, in certain instances, through the internet. We also compete with companies that provide online trading and banking services, investment advisory services, robo-advice capabilities, access to digital asset capabilities and services, and other financial products and services, globally. We compete on the basis of several factors, including transaction execution, capital or access to capital, products and services, innovation, technology, reputation, risk appetite and price.

Over time, certain sectors of We have experienced, and will likely continue to experience, increased competition in the U.S. and globally driven by established financial services industry have become more concentrated, as institutions involved in a broad range of financial services have left businesses, been acquired by firms and emerging firms, including non-financial companies and business models focusing on technology innovation, competing for the same clients and assets, or merged into other firms, or have declared bankruptcy. Such changes could result in our remaining competitors gaining greater capital and other resources, such as the ability to offer a broader range of offering similar products and services to retail and geographic diversity, institutional customers. It is also possible that competition may become even more intense as we continue to compete with financial or new competitors other institutions that may emerge, be, or will become, larger, or better capitalized, or may have a stronger local presence and longer operating history in certain geographies or products.

We have experienced, and may continue to experience, pricing pressures as a result of these factors and as some of our competitors seek to obtain market share by reducing prices and fees, paying higher interest rates on deposits, eliminating commissions or other fees or otherwise providing more favorable terms of business. In addition, certain of our competitors may be subject to different and, in some cases, less stringent, legal and regulatory regimes than we are, thereby putting us at a competitive disadvantage. Some new competitors in the financial technology sector have sought to target existing segments of our businesses that could be susceptible to disruption by innovative or less regulated business models. For more information regarding the competitive environment in which we operate, see "Business—Competition" and "Business—Supervision and Regulation."



and skilled personnel. If we are unable to continue to attract, integrate and retain highly qualified employees or successfully transition key roles, or do so at levels or in forms necessary to maintain our competitive position, our performance, including our competitive position and results of operations, could be materially adversely affected. Our ability to attract and retain qualified and skilled personnel depends on numerous factors, some of which are outside of our control.

Compensation costs required to attract and retain employees may increase or the competitive market for talent may further intensify due to factors such as low unemployment, a strong job market and changes in employees' expectations, concerns and preferences. The financial industry has experienced, and may continue to experience, more stringent regulation of employee compensation than other industries, which may or may not impact competitors. These more stringent regulations have shaped our compensation practices, which could have an adverse effect on our ability to hire or retain the most qualified employees.

International Risk

We are subject to numerous political, economic, legal, tax, operational, franchise and other risks as a result of our international operations that could adversely impact our businesses in many ways.

We are subject to numerous political, economic, legal, tax, operational, franchise and other risks that are inherent in operating in many countries, including risks of possible nationalization, expropriation, price controls, capital controls, exchange controls, increased taxes and levies, **minimum global tax regimes**, cybersecurity, data transfer and outsourcing restrictions, regulatory scrutiny regarding the use of new technologies, prohibitions on certain



types of foreign and capital market activities, limitations on cross-border listings and other restrictive governmental actions, as well as the outbreak of hostilities or political and governmental instability, including tensions between China and the U.S., the expansion or escalation of hostilities between Russia and Ukraine or in the Middle East, or the initiation or escalation of hostilities or terrorist activity around the world and the potential associated impacts on global and local economies and our operations. In many countries, the laws and regulations applicable to the securities and financial services industries and multinational corporations are uncertain, evolving and subject to sudden change or may be inconsistent with U.S. law. It may also be difficult for us to determine the exact requirements of local laws in every market or adapt to changes in law, which could adversely impact our businesses. Our inability to remain in compliance with local laws in a particular market could have a significant and negative effect not only on our business in that market but also on our reputation generally. We are also subject to the risk that transactions we structure might not be legally enforceable in all cases.

Various emerging market countries have experienced severe political, economic or financial disruptions, including significant devaluations of their currencies, defaults or potential defaults on sovereign debt, capital and currency exchange controls, high rates of inflation and low or negative growth rates in their economies. Crime and corruption, as well as issues of security and personal safety, also exist in certain of these countries. These conditions could adversely impact our businesses and increase volatility in financial markets generally.

A disease pandemic **such as COVID-19 and its variants**, or other widespread health emergencies, natural disasters, climate-related incidents, terrorist activities or military actions, or social or political tensions, could create economic and financial disruptions in emerging markets or in other areas of the global economy that could adversely affect our businesses, or could lead to operational difficulties, including travel limitations and supply chain complications, that could impair our ability to manage or conduct our businesses around the world.

As a U.S. company, we are required to comply with the economic sanctions and embargo programs administered by OFAC and similar multinational bodies and governmental agencies worldwide, which may be inconsistent with local law. We and certain of our subsidiaries are also subject to applicable AML and/or anti-corruption laws in the U.S., as well as in the jurisdictions in which we operate, including the Bank Secrecy Act, the U.S. Foreign Corrupt Practices Act and the U.K. Bribery Act. A violation of a sanction, embargo program, AML or anti-corruption law could subject us, and individual employees, to a regulatory enforcement action, as well as significant civil and criminal penalties.

Acquisition, Divestiture and Joint Venture Risk

We may be unable to fully capture the expected value from acquisitions, divestitures, joint ventures, partnerships, minority stakes or strategic alliances, and certain acquisitions may subject our business to new or increased risk.

In connection with past or future acquisitions, divestitures, joint ventures, partnerships, minority stakes or strategic alliances (including with Mitsubishi UFJ Financial Group, Inc. ("MUFG")), we face numerous risks and uncertainties in combining, transferring, separating or integrating the relevant businesses and systems that may present operational and other risks, including the need to combine or separate accounting, data processing, **technology** and other systems, management controls and legal entities, and to integrate relationships with clients, trading counterparties and business partners. Certain of these strategic initiatives, and integration thereof, may cause us to incur incremental expenses and may also require incremental financial, management and other resources.

In the case of joint ventures, partnerships and minority stakes, we are subject to additional risks and uncertainties because



we may be dependent upon, and subject to liability, losses or franchise and reputational damage relating to systems, controls and personnel that are not under our control, and conflicts or disagreements between us and any of our joint venture partners or partners may negatively impact the benefits to be achieved by the relevant joint venture or partnership, respectively, partnerships.

There is no assurance that any of our acquisitions, divestitures or investments will be successfully integrated or disaggregated or yield all of the positive benefits and synergies anticipated. If we are not able to integrate or disaggregate successfully our past and future acquisitions or dispositions, including aligning the processes, policies and procedures of the acquired entities with our standards, there is a risk that our results of operations, financial condition and cash flows may be materially and adversely affected.

Certain of our business initiatives, including expansions of existing businesses or the introduction of new products, may change our client or account profile or bring us into contact, directly or indirectly, with individuals and entities that are not within our traditional client and counterparty base and may expose us to new asset classes, services, competitors and new markets. These business activities expose us to new and enhanced risks, greater regulatory scrutiny of these activities, increased credit-related, sovereign, compliance and operational risks, as well as franchise and reputational concerns regarding the manner in which these assets are being operated or held, or services are being delivered.

For more information regarding the regulatory environment in which we operate, see also "Business—Supervision and Regulation."



Cybersecurity

Risk management and strategy

We, our businesses, and the broader financial services industry face an increasingly complex and evolving threat environment. We have made and continue to make substantial investments in cybersecurity and fraud prevention technology, and employ experienced talent to lead our Cybersecurity and Information Security organizations and program under the oversight of our Board of Directors ("Board") and the Operations and Technology Committee of the Board ("BOTC"). See "Risk Factors—Operational Risk" for information on risks to the Firm from cybersecurity threats.

As part of our enterprise risk management ("ERM") framework, we have implemented and maintain a program to assess, identify and manage risks arising from the cybersecurity threats confronting the Firm ("Cybersecurity Program"). Our Cybersecurity Program helps protect our clients, customers, employees, property, products, services and reputation by seeking to preserve the confidentiality, integrity and availability of information, enable the secure delivery of financial services, and protect the business and the safe operation of our technology systems. We continually adjust our Cybersecurity Program to address the evolving cybersecurity threat landscape and comply with extensive legal and regulatory expectations.

Processes for assessing, identifying and managing material risks from cybersecurity threats

Our Cybersecurity Program takes into account industry best practices and addresses risks from cybersecurity threats to our network, infrastructure, computing environment and the third parties that we rely on. We periodically assess the design of our cybersecurity controls against the Cyber Risk Institute Cyber Profile, which is based on the National Institute of Standards and Technology ("NIST") Cybersecurity Framework for Improving Critical Infrastructure Cybersecurity, as well as global cybersecurity regulations, and develop improvements to those controls in response to that assessment. Our Cybersecurity Program also includes cybersecurity and information security policies, procedures and technologies that are designed to address regulatory requirements and protect our clients', employees' and own data against unauthorized disclosure, modification and misuse. These policies, procedures and technologies cover a broad range of areas, including: identification of internal and external threats, access control, data security, protective controls, detection of malicious or unauthorized activity, incident response, and recovery planning.

Our threat intelligence function within the Cybersecurity Program actively engages in private and public information sharing communities and leverages both commercial and proprietary products to collect a wide variety of industry and governmental information regarding the latest cybersecurity threats, which informs our cybersecurity risk assessments and

strategy. This information is also provided to an internal forensics team, which develops and implements technologies designed to help detect these cybersecurity threats across our environment. Where a potential threat is identified in our environment, our incident response team evaluates the potential impact to the Firm and coordinates remediation where required. These groups, as well as the Operational Risk Department, review external cybersecurity incidents that may be relevant to the Firm, and the outcomes of these incidents further inform the design of our Cybersecurity Program. In addition, we maintain a robust global training program on cybersecurity risks and requirements and conduct regular phishing email simulations for our employees and consultants.

Our processes are designed to help oversee, identify and mitigate cybersecurity risks associated with our use of third-party vendors. We maintain a third-party risk management program that includes evaluation of, and response to, cybersecurity risks at our third-party vendors. Prior to engaging third-party vendors to provide services to the Firm, we conduct assessments of the third-party vendors' cybersecurity programs to identify the impact of their services on the cybersecurity risks to the Firm. Once on-boarded, third-party vendors' cybersecurity programs are subject to risk-based oversight, which may include security questionnaires, submission of independent security audit reports or a Firm audit of the third-party vendor's security program, and, with limited exceptions, third-party vendors are required to meet our cybersecurity standards. Where a third-party vendor cannot meet those standards, its services, and the residual risk to the Firm, are subject to review, challenge and escalation through our risk management processes and ERM committees, which may ultimately result in requesting increased security measures or ceasing engagement with such third-party vendor.

Our Cybersecurity Program is regularly assessed by the Internal Audit Department ("IAD") through various assurance activities, with the results reported to the Audit Committee of the Board ("BAC") and the BOTC. Annually, certain elements of the Cybersecurity Program are subject to an audit by an independent consultant, as well as an assessment by a separate, independent third party, the results of which, including opportunities identified for improvement and related remediation plans, are reviewed with the BOTC. Our Cybersecurity Program is also examined regularly by the Firm's prudential and conduct regulators within the scope of their jurisdiction.

Governance

Management's role in assessing and managing material risks from cybersecurity threats

Our Cybersecurity Program is operated and maintained by management, including the Chief Information Officer of Cyber, Data, Risk and Resilience ("CIO") and the Chief Information Security Officer ("CISO"). These senior officers



are responsible for assessing and managing the Firm's For a discussion of cybersecurity, risks. Our Cybersecurity Program strategy, which is set by the CISO and overseen by the Head of Operational Risk, is informed by various risk and control assessments, control testing, external assessments, threat intelligence, and public and private information sharing. Our Cybersecurity Program also includes processes for escalating and considering the materiality of incidents that impact the Firm, including escalation to senior management and the Board, which are periodically tested through tabletop exercises.

The members of management that lead our Cybersecurity Program and strategy have extensive experience in technology, cybersecurity and information security. The CIO has over 30 years of experience in various engineering, IT, operations and information security roles. The CISO has over 25 years of experience leading cybersecurity teams at financial institutions, including in the areas of IT strategy, risk management and information security. The Head of Operational Risk has over 20 years of experience in technology, security and compliance roles, including experience in government security agencies.

Risk levels and mitigating measures are presented to and monitored by dedicated management-level cybersecurity risk committees. These committees include representatives from Firm management as well as business and control stakeholders who review, challenge and, where appropriate, consider exceptions to our policies and procedures. Significant cybersecurity risks are escalated from these committees to our Non-Financial Risk Committee. The CIO and the Head of Operational Risk report on the status of our Cybersecurity Program, including significant cybersecurity risks; review metrics related to the program; and discuss the status of regulatory and remedial actions and incidents to the Firm Risk Committee, the BOTC and the Board, as appropriate. For more information regarding the Firm's ERM framework, see "Quantitative and Qualitative Disclosures about Risk—Risk Management, Operational Risk—Cybersecurity."

Board of Directors' oversight of risks from cybersecurity threats

As discussed above, material cybersecurity risks are addressed by management-level ERM committees with escalation to the BOTC and Board, as appropriate. The BOTC has primary responsibility for assisting the Board in its oversight of significant operational risk exposures of the Firm and its business units, including IT, information security, fraud, third-party oversight, business disruption and resilience, and cybersecurity risks (including review of cybersecurity risks against established risk management methodologies) and the steps management has taken to monitor and control such exposures.

In accordance with its charter, the BOTC receives quarterly reports from (i) the Technology Department ("Technology"), including the CIO or the CISO; (ii) the Operations

Department ("Operations"); and (iii) the Non-Financial Risk Management Department ("NFR"). Such reporting includes updates on our Cybersecurity Program, risks from cybersecurity threats, our programs to address and mitigate the risks associated with the evolving cybersecurity threat environment, and the Operational Risk Department's assessment of cybersecurity risks. Senior officers in Technology and NFR also provide an annual report to the BOTC on the status of our Cybersecurity Program, including a discussion of risks arising from cybersecurity threats, in compliance with the Gramm-Leach-Bliley Act. At least annually, these senior management representatives discuss the status of the Cybersecurity Program and key cybersecurity risks with the Board. The BOTC also receives an annual independent assessment of key aspects of our Cybersecurity Program from an external party and holds joint meetings with the BAC and Risk Committee of the Board ("BRC"), as necessary and appropriate. In addition, members of the BOTC periodically participate in incident response tabletop exercises and the BOTC periodically receives reports from incident response tabletop exercises performed by and for management.

At least annually, the BOTC or the Board reviews and approves the Global Cybersecurity Program Policy, the Global Information Security Program Policy, the Global Third-Party Risk Management Policy, and the Global Technology Policy. The chair of the BOTC regularly reports to the Board on risks from cybersecurity threats and other matters reviewed by the BOTC. In accordance with the Board's Corporate Governance Policies, all Board members are invited to attend BOTC meetings and have access to meeting materials.

Senior management, including the senior officers mentioned above, discuss cybersecurity developments with the chair of the BOTC between Board and committee meetings, as necessary. The BOTC meets regularly in executive session with management, including the Head of NFR, and senior officers from Technology and Operations.



Management's Discussion and Analysis of Financial Condition and Results of Operations

Introduction

Morgan Stanley is a global financial services firm that maintains significant market positions in each of its business segments—Institutional Securities, Wealth Management and Investment Management. Morgan Stanley, through its subsidiaries and affiliates, provides a wide variety of products and services to a large and diversified group of clients and customers, including corporations, governments, financial institutions and individuals. Unless the context otherwise requires, the terms “Morgan Stanley,” “Firm,” “us,” “we” or “our” mean Morgan Stanley (the “Parent Company”) together with its consolidated subsidiaries. See the “Glossary of Common Terms and Acronyms” for the definition of certain terms and acronyms used throughout this Form 10-K. For an analysis of 2022 2023 results compared with 2021 2022 results, see Part II, Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in the annual report on Form 10-K for the year-ended December 31, 2022 year ended December 31, 2023 filed with the SEC.

A description of the clients and principal products and services of each of our business segments is as follows:

Institutional Securities provides a variety of products and services to corporations, governments, financial institutions and ultra-high net worth clients. Investment Banking services consist of capital raising and financial advisory services, including the underwriting of debt, equity securities and other products, as well as advice on mergers and acquisitions, restructurings and project finance. Our Equity and Fixed Income businesses include sales, financing, prime brokerage, market-making, Asia wealth management services and certain business-related investments. Lending activities include originating corporate loans and commercial real estate loans, providing secured lending facilities, and extending securities-based and other financing to customers. clients. Other activities include research.

Wealth Management provides a comprehensive array of financial services and solutions to individual investors and small to medium-sized businesses and institutions covering: institutions. Wealth Management covers: financial advisor-led brokerage, custody, administrative and investment advisory services; self-directed brokerage services; financial and wealth planning services; workplace services, including stock plan administration; securities-based lending, residential and commercial real estate loans and other lending products; banking; and retirement plan services.

Investment Management provides a broad range of investment strategies and products that span geographies, asset classes, and public and private markets to a diverse group of clients across institutional and intermediary channels. Strategies and products, which are offered through a variety of investment vehicles, include equity, fixed income, alternatives and solutions, and liquidity and overlay services. Institutional clients include defined benefit/defined contribution plans, foundations, endowments, government entities, sovereign wealth funds, insurance companies, third-party fund sponsors and corporations. Individual clients are generally served through intermediaries, including affiliated and non-affiliated distributors.

Management’s Discussion and Analysis includes certain metrics that we believe to be useful to us, investors, analysts and other stakeholders by providing further transparency about, or an additional means of assessing, our financial condition and operating results. Such metrics, when used, are defined and may be different from or inconsistent with metrics used by other companies.

The results of operations in the past have been, and in the future may continue to be, materially affected by: competition; risk factors; legislative, legal and regulatory developments; and other risk factors. These factors also may have an adverse impact on our ability to achieve our strategic objectives. Additionally, the discussion of our results of operations herein may contain forward-looking statements. These statements, which reflect management’s beliefs and expectations, are subject to risks and uncertainties that may cause actual results to differ materially. For a discussion of the risks and uncertainties that may affect our future results, see “Forward-Looking Statements,” “Statements”, “Business—Competition,” “Competition”, “Business—Supervision and Regulation,” “Regulation”, “Risk Factors” and “Liquidity and Capital Resources—Regulatory Requirements” herein.

Management’s Discussion and Analysis



Executive Summary

Overview of Financial Results

Consolidated Results—Full Year Ended December 31, 2023 December 31, 2024

- The Firm reported net revenues of \$54.1 billion \$61.8 billion and net income of \$9.1 billion against a mixed market backdrop and a number of headwinds. \$13.4 billion, reflecting strong results across our business segments.
- The Firm delivered ROE of 9.4% 14.0% and ROTCE of 12.8% 18.8% (see “Selected Non-GAAP Financial Information” herein).
- The Firm expense efficiency ratio was 71% compared to 77%. The in the prior year, reflecting higher revenues and expense discipline. In the prior year, the ratio was negatively impacted by specific severance costs of \$353 million, integration-related expenses of \$293 million, an FDIC special assessment of \$286 million, and higher legal expenses relating related to a specific matter \$249 million settlement in connection with resolutions of \$249 million and integration-related expenses of \$293 million investigations into the Firm’s blocks business. (See “Expenses” herein for more information).
- The Firm accreted \$5.6 billion of Common Equity Tier 1 capital while supporting clients and returning capital to shareholders. At December 31, 2023 December 31, 2024, the Firm’s Standardized Common Equity Tier 1 capital ratio was 15.2% 15.9%.
- Institutional Securities reported net revenues of \$23.1 billion reflecting lower completed activity in Investment Banking \$28.1 billion reflect higher results across businesses and lower results in Equity and Fixed Income regions on reduced higher client activity and a less favorable improved market environment compared to a year ago. conditions.
- Wealth Management delivered net revenues of \$26.3 billion \$28.4 billion, reflecting mark-to-market gains on investments associated with certain employee deferred cash-based compensation plans (“DCP investments”) compared with losses in the prior year higher Asset management and higher Net interest Transactional revenues. The pre-tax margin was 24.9% 27.2%. The Fee-based asset flows were \$123 billion and the business added net new assets of \$282.3 billion, representing a 6.7% annualized growth rate from beginning period assets. \$252 billion.
- Investment Management reported net revenues of \$5.4 billion and \$5.9 billion, primarily driven by asset management revenues on higher average AUM increased to \$1.5 trillion.

Net Revenues

(\$ in millions)

21440476778081

Net Income Applicable to Morgan Stanley

(\$ in millions)

21440476778088

Earnings per Diluted Common Share

21440476778100

2023 2024 Compared with 2022 2023

- We reported net revenues of \$61.8 billion in 2024, which increased by 14% compared with \$54.1 billion in 2023 compared with \$53.7 billion in 2022. For 2023, net 2023. Net income applicable to Morgan Stanley was \$13.4 billion in 2024, which increased by 47% compared with \$9.1 billion, or \$5.18 in 2023. Diluted earnings per diluted common share was \$7.95 in 2024, which increased by 53% compared with \$11.0 billion, or \$6.15 per diluted common share \$5.18 in 2022, 2023.

Management’s Discussion and Analysis



Non-Interest Expenses

(\$ in millions)

302365697765018

- Compensation and benefits expenses of \$24,558 million \$26,178 million in 2023 2024 increased 7% from the prior year, primarily due to higher expenses related an increase in the formulaic payout to certain employee deferred cash-based compensation plans linked to investment performance ("DCP") Wealth Management representatives and higher salary expenses, discretionary incentive compensation, both on higher revenues, partially offset by lower expenses related to outstanding deferred equity compensation, severance costs.

In 2023, Compensation and benefits expenses included \$353 million severance costs of severance costs, \$353 million, primarily associated with the employee action recorded a specific Firmwide reduction in workforce during the second quarter of 2023. We recorded severance costs of \$220 million in the Institutional Securities business segment, \$105 million in the Wealth Management business segment, and \$28 million in the Investment Management business segment for 2023.

In 2022, Compensation and benefits expenses included severance costs of \$133 million, associated with a specific Firmwide reduction in workforce during the fourth quarter of 2022. We recorded severance costs of \$88 million in the Institutional Securities business segment, \$30 million in the Wealth Management business segment, and \$15 million in the Investment Management business segment for 2022. These specific reductions in workforce occurred across the Firm's business segments and geographic regions, impacted approximately 4% and 1% of the Firm's global workforce in 2023 and 2022, respectively, and resulted from the Firm's review of its global workforce, operating expenses and the business environment following the acquisitions of E*TRADE Financial Corporation ("E*TRADE") and Eaton Vance Corp. ("Eaton Vance"), rather than a change in strategy or exit of businesses. These costs were primarily incurred in the Americas and EMEA, with the majority in the Americas.

- Non-compensation expenses of \$17,240 million \$17,723 million in 2023 2024 increased 6% 3% from the prior year, primarily driven by an higher execution-related expenses and increased technology spend, partially offset by lower legal expenses and lower FDIC special assessment cost.

Business Segment Results

Net Revenues by Segment

(\$ in millions)

302365697765023

In 2023, integration-related expenses were \$293 million, of \$286 million, increased spend on technology, higher costs which \$201 million related to exits the integration of real estate E*TRADE within the Wealth Management business segment and higher legal expenses, including \$249 million \$92 million related to a specific matter, the integration of Eaton Vance within the Investment Management business segment. In 2022, integration-related expenses were \$470 million, of which \$357 million related to the integration of E*TRADE within the Wealth Management business segment and \$113 million related to the integration of Eaton Vance within the Investment Management business segment. Integration-related expenses primarily included non-compensation expenses such as information technology expense related to the consolidation of platforms, and professional fees related to changes in legal entity structures and the integration of clients, within both Wealth Management and Investment Management business segments. Integration-related activities were substantially completed as of December 31, 2023.

Provision for Credit Losses

The Provision for credit losses on loans and lending commitments of \$264 million in 2024 was primarily related to certain specific commercial real estate loans and growth in the corporate loan portfolio, partially offset by improvements in the macroeconomic outlook. The Provision for credit losses on loans and lending commitments of \$532 million in 2023 was primarily related to deteriorating conditions credit deterioration in the commercial real estate sector, including provisions for certain specific loans, mainly in the office portfolio, and modest growth in certain other loan portfolios. The Provision for credit losses on loans and lending commitments of \$280 million in 2022 was due to portfolio growth and deterioration in the macroeconomic outlook.

For further information on the Provision for credit losses, see "Credit Risk" herein.

Management's Discussion and Analysis

Image3.jpg

Net Income Applicable to Morgan Stanley by Segment:

(\$ in millions)

302365697765028

1. The amounts in the charts represent the contribution of each business segment to the total of the applicable financial category and may not sum to the total presented on top of the bars due to intersegment eliminations. See Note 22 to the financial statements for details of intersegment eliminations.

- Institutional Securities net revenues of \$23,060 million \$28,080 million in 2023 decreased 5% 2024 increased 22% from the prior year, primarily reflecting lower higher results across businesses, particularly in Equity and underwriting results within Investment Banking.
- Wealth Management net revenues of \$26,268 million \$28,420 million in 2023 2024 increased 8% from the prior year, primarily reflecting gains on DCP investments compared with losses in the prior year higher Asset management revenues and higher Transactional revenues, partially offset by lower Net interest revenues. income.
- Investment Management net revenues of \$5,370 million \$5,861 million in 2023 were relatively unchanged 2024 increased 9% from the prior year, primarily reflecting a decrease in higher Asset management and related fees revenues offset by an increase in Performance based and higher Performance-based income and other revenues.

Management's Discussion and Analysis



Net Revenues by Region:

(\$ in millions)

302365697765033

1. For a discussion of how the geographic breakdown of net revenues is determined, see Note 22 to the financial statements.

- Americas net revenues in 2023 2024 increased 4%, 13% from the prior year, primarily driven by results higher Asset management revenues within the Wealth Management business segment and Other net revenues within the Institutional Securities business segment, partially offset by lower higher results across businesses within the Institutional Securities business segment.

- EMEA net revenues in 2023 decreased 11%, 2024 increased 19% from the prior year, primarily driven by lower higher results across businesses within the Institutional Securities business segment.
- Asia net revenues in 2023 decreased 5%, 2024 increased 19% from the prior year, primarily driven by lower higher results across businesses from Equity and Investment Banking within the Institutional Securities business segment.

Selected Financial Information and Other Statistical Data

\$ in millions, except per share data

\$ in millions, except per share data

\$ in millions, except per share data

Consolidated results
Consolidated results
Consolidated results
Net revenues
Net revenues
Net revenues
Earnings applicable to Morgan Stanley common shareholders
Earnings applicable to Morgan Stanley common shareholders
Earnings applicable to Morgan Stanley common shareholders
Earnings per diluted common share
Earnings per diluted common share
Earnings per diluted common share

Consolidated financial measures

Expense efficiency ratio:	Expense efficiency ratio:	77 %	73 %	67 %	Expense efficiency ratio:	71 %	77 %	73 %
ROE:	ROE:	9.4 %	11.2 %	15.0 %	ROE:	14.0 %	9.4 %	11.2 %

ROTCEx,3	ROTCEx,3	12.8 %	15.3 %	19.8 %	ROTCEx,3	18.8 %	12.8 %	15.3 %
Pre-tax margin ⁴	Pre-tax margin ⁴	22 %	26 %	33 %	Pre-tax margin ⁴	28 %	22 %	26 %
Effective tax rate	Effective tax rate	21.9 %	20.7 %	23.1 %	Effective tax rate	23.1 %	21.9 %	20.7 %

Pre-tax margin by segment

Institutional Securities	Institutional Securities	19 %	28 %	40 %	Institutional Securities	31 %	19 %	28 %
Wealth Management	Wealth Management	25 %	27 %	25 %	Wealth Management	27 %	25 %	27 %
Investment Management	Investment Management	16 %	15 %	27 %	Investment Management	19 %	16 %	15 %

	At December 31, 2024		At December 31, 2023	
<i>\$ in millions, except per share data, worldwide employees and client assets</i>				
Average liquidity resources for three months ended	\$	345,440	\$	314,504
Loans ⁵	\$	246,814	\$	226,828
Total assets	\$	1,215,071	\$	1,193,693
Deposits	\$	376,007	\$	351,804
Borrowings	\$	288,819	\$	263,732
Common equity	\$	94,761	\$	90,288
Tangible common equity ³	\$	71,604	\$	66,527
Common shares outstanding		1,607		1,627
Book value per common share ⁷	\$	58.98	\$	55.50
Tangible book value per common share ^{3,7}	\$	44.57	\$	40.89
Worldwide employees (in thousands)		80		80
Client assets ⁸ (in billions)	\$	7,860	\$	6,588

	At December 31, 2023		At December 31, 2022	
<i>\$ in millions, except per share data, worldwide employees and client assets</i>				
Average liquidity resources for three months ended	\$	314,504	\$	312,250
Loans ⁵	\$	226,828	\$	222,182
Total assets	\$	1,193,693	\$	1,180,231
Deposits	\$	351,804	\$	356,646
Borrowings	\$	263,732	\$	238,058
Common shareholders' equity	\$	90,288	\$	91,391
Tangible common shareholders' equity ³	\$	66,527	\$	67,123
Common shares outstanding		1,627		1,675
Book value per common share ⁷	\$	55.50	\$	54.55
Tangible book value per common share ^{3,7}	\$	40.89	\$	40.06
Worldwide employees (in thousands)		80		82
Client assets ⁸ (in billions)	\$	6,588	\$	5,492

Capital ratios⁹

Capital ratios⁹

Capital ratios⁹

Common Equity Tier 1 capital—Standardized

Common Equity Tier 1 capital—Standardized

Common Equity Tier 1 capital—Standardized

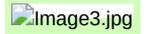
		15.2 %	15.3 %		15.9 %	15.2 %
Tier 1 capital—Standardized	Tier 1 capital—Standardized	17.1 %	17.2 %	Tier 1 capital—Standardized	18.0 %	17.1 %
Common Equity Tier 1 capital—Advanced	Common Equity Tier 1 capital—Advanced	15.5 %	15.6 %	Common Equity Tier 1 capital—Advanced	15.7 %	15.5 %
Tier 1 capital—Advanced	Tier 1 capital—Advanced	17.4 %	17.6 %	Tier 1 capital—Advanced	17.8 %	17.4 %
Tier 1 leverage	Tier 1 leverage	6.7 %	6.7 %	Tier 1 leverage	6.9 %	6.7 %
SLR	SLR	5.5 %	5.5 %	SLR	5.6 %	5.5 %

1. The expense efficiency ratio represents total non-interest expenses as a percentage of net revenues.

2. ROE and ROTCE represent earnings applicable to Morgan Stanley common shareholders as a percentage of average common equity and average tangible common equity, respectively.

3. Represents a non-GAAP financial measure. See "Selected Non-GAAP Financial Information" herein.
4. Pre-tax margin represents income before provision for income taxes as a percentage of net revenues.
5. For a discussion of Liquidity resources, see "Liquidity and Capital Resources— Balance Sheet—Liquidity Risk Management Framework—Liquidity Resources" herein.
6. Includes loans held for investment, net of ACL, loans held for sale and also includes loans at fair value, which are included in Trading assets in the balance sheet.
7. Book value per common share and tangible book value per common share equal common **shareholders'** equity and tangible common **shareholders'** equity, respectively, divided by common shares outstanding.

Management's Discussion and Analysis



8. Client assets **represents represent the sum of** Wealth Management client assets and Investment Management AUM. Certain Wealth Management client assets are invested in Investment Management products and are **therefore** also included in Investment Management's AUM.
9. For a discussion of our capital ratios, see "Liquidity and Capital Resources—Regulatory Requirements" herein.

Economic and Market Conditions

The economic environment, client and investor confidence and overall market **environment sentiment improved in 2023 remained mixed, characterized by inflationary pressures and uncertainty regarding the future path of 2024. While interest rates which remained persistently high. Towards declined in recent months, elevated inflation, geopolitical risks including ongoing tensions in the end of Middle East, uncertainties surrounding government and policy developments in the year, the market environment improved from prior quarters with the expectation of lower interest rates going into 2024. However, there is continued uncertainty regarding markets we operate in and the timing and pace of these further interest rate reductions along with concerns regarding heightened geopolitical actions present ongoing risks that to the economic environment. These factors have impacted, and could continue to impact the capital markets in 2024. The market environment impacted and our businesses, in 2023, as discussed further in "Business Segments" herein, and, to the extent that it continues to remain uncertain, could adversely impact client confidence and related activity. herein.**

For more information on economic and market conditions, and the potential effects of geopolitical events and acts of war or aggression on our future results, refer to "Risk Factors" and "Forward-Looking Statements."

Management's Discussion and Analysis



Selected Non-GAAP Financial Information

We prepare our financial statements using U.S. GAAP. From time to time, we may disclose certain “non-GAAP financial measures” in this document or in the course of our earnings releases, earnings and other conference calls, financial presentations, definitive proxy statements and other public disclosures. A “non-GAAP financial measure” excludes, or includes, amounts from the most directly comparable measure calculated and presented in accordance with U.S. GAAP. We consider the non-GAAP financial measures we disclose to be useful to us, investors, analysts and other stakeholders by providing further transparency about, or an alternate means of assessing or comparing our financial condition, operating results and capital adequacy.

These measures are not in accordance with, or a substitute for, U.S. GAAP and may be different from or inconsistent with non-GAAP financial measures used by other companies. Whenever we refer to a non-GAAP financial measure, we will also generally define it or present the most directly comparable financial measure calculated and presented in accordance with U.S. GAAP, along with a reconciliation of the differences between the U.S. GAAP financial measure and the non-GAAP financial measure.

We present certain non-GAAP financial measures that exclude the impact of mark-to-market gains and losses, net of financing costs on DCP investments from net revenues. We also exclude the impact of mark-to-market gains and losses on DCP from compensation expenses. The impact of DCP investments and DCP are primarily reflected in our Wealth Management business segment results. These measures allow for better comparability of period-to-period underlying operating performance and revenue trends, especially in our Wealth Management business segment trends. By excluding the impact of these items, we are better able to describe the business drivers and resulting impact to net revenues and

may not be material to our Income before provision for income taxes in any individual period, it may impact the Wealth Management business segment reported ratios and operating metrics in certain periods due to potentially significant impacts to net revenues and compensation expenses. For additional information on DCP, refer to “Other Matters” herein.

Tangible common equity is a non-GAAP financial measure that we believe analysts, investors and other stakeholders consider useful to allow for comparability to peers and of the period-to-period use of our equity. The calculation of tangible common equity represents common shareholders’ equity less goodwill and intangible assets net of allowable mortgage servicing rights deduction. In addition, we believe that certain ratios that utilize tangible common equity, such as return on average tangible common equity (“ROTCE”) and tangible book value per common share, also non-GAAP financial measures, are useful for evaluating the operating performance and capital adequacy of the business period-to-period, respectively. The calculation of ROTCE represents annualized earnings applicable to Morgan Stanley common shareholders as a percentage of average tangible common equity. The calculation of tangible book value per common share represents tangible common equity divided by common shares outstanding.

The principal non-GAAP financial measures presented in this document are set forth in the following tables.

Reconciliations from U.S. GAAP to Non-GAAP Consolidated Financial Measures

\$ in millions	2023	2022	2021
Net revenues	\$ 54,143	\$ 53,668	\$ 59,755
Adjustment for mark-to-market losses (gains) on DCP ₁	(434)	1,198	(389)
Adjusted Net revenues—non-GAAP	\$ 53,709	\$ 54,866	\$ 59,366
Compensation expense	\$ 24,558	\$ 23,053	\$ 24,628
Adjustment for mark-to-market losses (gains) on DCP ₁	(668)	716	(526)
Adjusted Compensation expense—non-GAAP	\$ 23,890	\$ 23,769	\$ 24,102
Wealth Management Net revenues	\$ 26,268	\$ 24,417	\$ 24,243
Adjustment for mark-to-market losses (gains) on DCP ₁	(282)	858	(210)
Adjusted Wealth Management Net revenues—non-GAAP	\$ 25,986	\$ 25,275	\$ 24,033

corresponding change to the associated compensation expenses.

Compensation expense for DCP awards is calculated based on the notional value of the award granted, adjusted for changes in the fair value of the referenced investments that employees select. Compensation expense is recognized over the vesting period relevant to each separately vesting portion of deferred awards.

We invest directly, as principal, in financial instruments and other investments to economically hedge certain of our obligations under these DCP awards. Changes in the fair value of such investments, net of financing costs, are recorded in net revenues, and included in Transactional revenues in the Wealth Management business segment. Although changes in compensation expense resulting from changes in the fair value of the referenced investments will generally be offset by changes in the fair value of investments recognized in net revenues, there is typically a timing difference between the immediate recognition of gains and losses on our investments and the deferred recognition of the related compensation expense over the vesting period. While this timing difference

Wealth Management Compensation expense	\$	13,972	\$	12,534	\$	13,090
Adjustment for mark-to-market losses (gains) on DCP ₁		(412)		530		(293)
Adjusted Wealth Management Compensation expense—non-GAAP	\$	13,560	\$	13,064	\$	12,797

At December 31,						
<i>\$ in millions</i>		2023		2022		2021
Tangible equity						
Common shareholders' equity	\$	90,288	\$	91,391	\$	97,691
Less: Goodwill and net intangible assets		(23,761)		(24,268)		(25,192)
Tangible common shareholders' equity—non-GAAP	\$	66,527	\$	67,123	\$	72,499

Average Monthly Balance						
<i>\$ in millions</i>		2023		2022		2021
Tangible equity						
Common shareholders' equity	\$	90,819	\$	93,873	\$	97,094
Less: Goodwill and net intangible assets		(24,013)		(24,789)		(23,392)
Tangible common shareholders' equity—non-GAAP	\$	66,806	\$	69,084	\$	73,702

Management's Discussion and Analysis



Non-GAAP Financial Measures by Business Segment

<i>\$ in billions</i>	2023	2022	2021
Average common equity²			
Institutional Securities	\$ 45.6	\$ 48.8	\$ 43.5
Wealth Management	28.8	31.0	28.6
Investment Management	10.4	10.6	8.8
ROE³			
Institutional Securities	7 %	10 %	20 %
Wealth Management	17 %	16 %	16 %
Investment Management	6 %	6 %	15 %
Average tangible common equity²			
Institutional Securities	\$ 45.2	\$ 48.3	\$ 42.9
Wealth Management	14.8	16.3	13.4
Investment Management	0.7	0.8	0.9
ROTCE³			
Institutional Securities	7 %	10 %	20 %
Wealth Management	33 %	31 %	34 %
Investment Management	88 %	86 %	144 %

<i>\$ in millions</i>	2024	2023	2022
Net revenues	\$ 61,761	\$ 54,143	\$ 53,668
Adjustment for mark-to-market losses (gains) on DCP ¹	(363)	(434)	1,198
Adjusted Net revenues—non-GAAP	\$ 61,398	\$ 53,709	\$ 54,866
Compensation expense	\$ 26,178	\$ 24,558	\$ 23,053
Adjustment for mark-to-market losses (gains) on DCP ¹	(672)	(668)	716
Adjusted Compensation expense—non-GAAP	\$ 25,506	\$ 23,890	\$ 23,769
Wealth Management Net revenues	\$ 28,420	\$ 26,268	\$ 24,417
Adjustment for mark-to-market losses (gains) on DCP ¹	(239)	(282)	858
Adjusted Wealth Management Net revenues—non-GAAP	\$ 28,181	\$ 25,986	\$ 25,275
Wealth Management Compensation expense	\$ 15,207	\$ 13,972	\$ 12,534
Adjustment for mark-to-market losses (gains) on DCP ¹	(431)	(412)	530
Adjusted Wealth Management Compensation expense—non-GAAP	\$ 14,776	\$ 13,560	\$ 13,064

1. Net revenues and compensation expense are adjusted for DCP for both Firm and Wealth Management business segment. See "Other Matters" herein for more information.

<i>\$ in millions</i>	At December 31,		
	2024	2023	2022
Tangible equity			
Common equity	\$ 94,761	\$ 90,288	\$ 91,391
Less: Goodwill and net intangible assets	(23,157)	(23,761)	(24,268)
Tangible common equity—non-GAAP	\$ 71,604	\$ 66,527	\$ 67,123

Management's Discussion and Analysis



\$ in millions	Average Monthly Balance		
	2024	2023	2022
Tangible equity			
Common equity	\$ 91,699	\$ 90,819	\$ 93,873
Less: Goodwill and net intangible assets	(23,482)	(24,013)	(24,789)
Tangible common equity—non-GAAP	\$ 68,217	\$ 66,806	\$ 69,084

Non-GAAP Financial Measures by Business Segment

\$ in billions	2024	2023	2022
Average common equity¹:			
Institutional Securities	\$ 45.0	\$ 45.6	\$ 48.8
Wealth Management	29.1	28.8	31.0
Investment Management	10.8	10.4	10.6
ROE²			
Institutional Securities	14 %	7 %	10 %
Wealth Management	20 %	17 %	16 %
Investment Management	8 %	6 %	6 %
Average tangible common equity¹:			
Institutional Securities	\$ 44.6	\$ 45.2	\$ 48.3
Wealth Management	15.5	14.8	16.3
Investment Management	1.1	0.7	0.8
ROTCE²			
Institutional Securities	14 %	7 %	10 %
Wealth Management	37 %	33 %	31 %
Investment Management	76 %	88 %	86 %

¹ Average common equity and average tangible common equity for each business segment is determined using our Required Capital framework (see "Liquidity and Capital Resources—Regulatory Requirements—Attribution of Average Common Equity According to the Required Capital Framework" herein). The sums of the segments' Average common equity and Average tangible common equity do not equal the Consolidated measures due to Parent Company equity.

² The calculation of ROE and ROTCE by segment uses net income applicable to Morgan Stanley by segment less preferred dividends allocated to each segment, annualized as a percentage of average common equity and average tangible common equity, respectively, allocated to each segment.

Return on Tangible Common Equity Goal

We have an ROTCE goal of 20%. Our ROTCE goal is a forward-looking statement that is based on a normal market environment and may be materially affected by many factors.

See "Risk Factors" and "Forward-Looking Statements" herein for further information on market and economic conditions and their potential effects on our future operating results.

ROTCE represents a non-GAAP financial measure. For further information on non-GAAP measures, see "Selected Non-GAAP Financial Information" herein.

Business Segments

Substantially all of our operating revenues and operating expenses are directly attributable to our business segments. Certain revenues and expenses have been allocated to each business segment, generally in proportion to its respective net revenues, non-interest expenses or other relevant measures. See Note 22 to the financial statements for segment net revenues by income statement line item and information on intersegment transactions.

Within the Institutional Securities business segment, these revenues are primarily composed of fees earned from underwriting equity and fixed income securities, syndicating loans and advisory services in relation to mergers and acquisitions, divestitures and corporate restructurings.

Within the Wealth Management business segment, these revenues are derived from

Net Revenues

Investment Banking

Investment banking revenues are derived from client engagements in which we act as an advisor, underwriter or distributor of capital.

the distribution of newly issued securities.

Trading

Trading revenues include the realized gains and losses from transactions in financial instruments, unrealized gains and losses from ongoing changes in the fair value of our positions, and gains and losses from financial instruments used to economically hedge compensation expense related to DCP.

Within the Institutional Securities business segment, Trading revenues arise from transactions in cash instruments and derivatives in which we act as a market maker for our clients. In this role, we stand ready to buy, sell or otherwise transact with customers under a variety of market conditions and to provide firm or indicative prices in response to customer requests. Our liquidity obligations can be explicit in some cases, and in others, customers expect us to be willing to transact with them. In order to most effectively fulfill our market-making function, we engage in activities across all of our trading businesses that include, but are not limited to:

- taking positions in anticipation of, and in response to, customer demand to buy or sell and—depending on the liquidity of the relevant market and the size of the position—to hold those positions for a period of time;
- building, maintaining and rebalancing inventory held to facilitate client activity through trades with other market participants;
- managing and assuming basis risk (risk associated with imperfect hedging) between risks incurred from the facilitation of client transactions and the standardized products available in the market to hedge those risks;
- trading in the market to remain current on pricing and trends; and
- engaging in other activities to provide efficiency and liquidity for markets.

In many markets, the realized and unrealized gains and losses from purchase and sale transactions will include any spreads between bids and offers. Certain fees received on loans carried at fair value and dividends from equity securities are also recorded in Trading revenues since they relate to positions carried at fair value.

Management's Discussion and Analysis



Within the Wealth Management business segment, Trading revenues primarily include revenues from customers' purchases and sales of fixed income instruments in which we act as principal, as well as gains and losses related to DCP investments.

Management's Discussion and Analysis



Investments

Investments revenues are composed of realized and unrealized gains and losses derived from investments, including those associated with employee deferred compensation and co-investment plans. Estimates of the fair value of the investments that produce these revenues may involve significant judgment and may fluctuate significantly over time in light of business, market, economic and financial conditions, generally or in relation to specific transactions.

Within the Institutional Securities segment, gains and losses are primarily from business-related investments. Certain investments are subject to sale restrictions.

Within the Investment Management business segment, Investments revenues are primarily from performance-based fees in the form of carried interest, a portion of which is subject to reversal, and gains and losses from investments. The business is entitled to receive carried interest when the return in certain funds exceeds specified performance targets. Additionally, we consolidate certain sponsored Investment Management funds where revenues are primarily attributable to holders of noncontrolling interests.

Commissions and Fees

Commissions and fees result from arrangements in which the client is charged a fee for executing transactions related to securities, services related to sales and trading activities, and sales of other products.

Within the Institutional Securities business segment, commissions and fees include fees earned from market-making activities, such as executing and clearing client transactions on major stock and derivative exchanges, as well as from OTC derivatives.

Within the Wealth Management business segment, commissions and fees arise from client transactions primarily including in equity securities, insurance products, mutual funds, alternative investments, futures and options. Wealth Management also earns revenues from order flow payments for directing customer orders to broker-dealers, exchanges and market centers for execution.

Asset Management

Asset management revenues include fees associated with the management and supervision of assets and the distribution of funds and similar products.

Within the Wealth Management business segment, Asset management revenues are related to advisory services

Within the Investment Management business segment, Asset management revenues are primarily composed of fees received from investment vehicles on the basis of assets under management. Performance-based fees, not in the form of carried interest, are earned on certain products and separately managed accounts as a percentage of appreciation in value and, in certain cases, are based upon the achievement of performance criteria. These performance fees are generally recognized on a quarterly or annual basis.

Net Interest

Interest income and Interest expense are functions of the level and mix of total assets and liabilities, including Trading assets and Trading liabilities, Investment securities, Securities borrowed or purchased under agreements to resell, Securities loaned or sold under agreements to repurchase, Loans, Deposits and Borrowings.

Within the Institutional Securities business segment, Net interest is a function of market-making strategies, client activity, and the prevailing level, term structure and volatility of interest rates. Net interest is impacted by market-making, lending and financing activities as we generally earn interest on securities held by the Firm, Securities borrowed, Securities purchased under agreements to resell, Loans and margin loans, while Borrowings, Securities loaned and Securities sold under agreements to repurchase generally incur interest expense.

Within the Wealth Management business segment, Interest income is driven by assets held including Investment securities, Loans and margin loans. Interest expense is driven by Deposits and other funding.

associated with fee-based assets, account service and administration, as well as distribution of products. These revenues are generally based on the net asset value of the account in which a client is invested.

Other

Other revenues for Institutional Securities include revenues and losses from equity method investments, fees earned in association with lending activities, mark-to-market gains and losses on loans and lending commitments held for sale, as well as gains and losses on economic derivative hedges associated with certain held-for-sale and held-for-investment loans and lending commitments.

Other revenues for Wealth Management include realized gains and losses on AFS securities, account handling fees, referral fees and other miscellaneous revenues.

Provision for Credit Losses

The Provision for credit losses includes the provision for credit losses for loans and lending commitments held for investment.

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Management's Discussion and Analysis



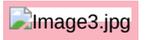
Institutional Securities—Fixed Income and Equities

Fixed income and Equities net revenues are composed of Trading revenues, Commissions and fees, Asset management revenues, Net interest, and certain Investments and Other

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Management's Discussion and Analysis



revenues directly attributable to those businesses. These revenues, which can be affected by a variety of interrelated factors, including market volumes, bid-offer spreads and the impact of market conditions on inventory held to facilitate client activity, as well as the effect of hedging activity, are viewed in the aggregate when assessing the performance and profitability of our businesses.

Following is a description of the revenue-generating activities within our equity and fixed income businesses, as well as how their results impact the income statement line items.

Equity—Financing. We provide financing, prime brokerage and fund administration services to our clients active in the equity markets through a variety of products, including margin lending, securities lending and swaps. Results from this business are largely driven by the difference between financing income earned and financing and liquidity costs incurred, which are reflected in Net interest for securities lending products, and in Trading revenues for derivative products. Fees for providing fund administration services are reflected in Asset management revenues.

Equity—Execution services. A significant portion of the results for this business is generated by commissions and fees from executing and clearing client transactions on major stock and derivative exchanges, as well as from OTC transactions. We make markets for our clients principally in equity-related securities and derivative products, including those that provide liquidity and are utilized for hedging. Market-making also generates gains and losses on inventory held to facilitate client activity, which are reflected in Trading revenues. Execution services also includes certain Investments and Other revenues.

Fixed income income—Within fixed income, we make markets in various flow and structured products in order to facilitate client activity as part of the following products and services:

- **Global macro products.** We make markets for our clients in interest rate, foreign exchange and emerging market products, including exchange-traded and OTC securities and derivative instruments. The results of this market-making activity are primarily driven by gains and losses from buying and selling positions to stand ready for and satisfy client demand and are recorded in Trading revenues.
- **Credit products.** We make markets in credit-sensitive products, such as corporate bonds and mortgage securities and other securitized products, and related derivative instruments. The values of positions in this business are sensitive to changes in credit spreads and interest rates, which result in gains and losses reflected in Trading revenues. We undertake lending activities, which include commercial mortgage lending, secured lending facilities and financing extended to sales and trading customers. Due
- **Commodities products and Other.** We make markets in various commodity products related primarily to electricity, natural gas, oil and metals. **Other activities primarily include results from the centralized management of our fixed income derivative counterparty exposures and the management of derivative counterparty risk.** These activities are primarily recorded in Trading revenues.

Fixed income also includes certain Investments and Other revenues.

Institutional Securities—Other Net Revenues

Other net revenues include impacts from certain treasury functions, such as liquidity and funding costs and gains and losses on economic hedges related to certain borrowings. Other net revenues also include mark-to-market gains and losses on held-for-sale corporate loans and lending commitments, as well as net interest and gain and losses on economic hedges associated with held-for-sale and held-for-investment corporate loans and lending commitments. Also included are gains and losses from financial instruments used to economically hedge compensation expense related to certain DCP, income and losses from the equity method investment related to our Japanese securities joint venture with MUFG, as well as Investments and Other revenues that are not directly attributable to Fixed income and Equities businesses.

Compensation Expense

Compensation and benefits expenses include base salaries and fixed allowances

to the amount and type of the interest-bearing securities and loans making up this business, a significant portion of the results is also reflected in Net interest revenues.

Compensation and benefits expenses include base salaries and fixed allowances, formulaic programs, discretionary incentive compensation, amortization of deferred cash and equity awards, changes in the fair value of DCP investments, including the Firm's share price for certain awards, carried interest allocated to employees, severance costs, and other items such as health and welfare benefits. For additional information on DCP, refer to "Other Matters" herein.

The factors that drive compensation for our employees vary from period to period, from segment to segment and within a segment. For certain revenue-producing employees in the Wealth Management and Investment Management business segments, compensation is largely paid on the basis of formulaic payouts that link employee compensation to revenues. Compensation for other employees, including revenue-producing employees in the Institutional Securities business segment and employees in corporate support functions, include base salary and benefits and may also include incentive compensation that is determined following the assessment of the performance of the Firm, business unit and individual.

Compensation expense for DCP is recognized over the relevant vesting period and is adjusted based on the fair value of the referenced investments until distribution. Although changes in compensation expense resulting from changes in the fair value of the referenced investments will generally be offset by changes in the fair value of investments made by the Firm, there is typically a timing difference between the

Management's Discussion and Analysis



immediate recognition of gains and losses on the Firm's investments and the compensation expense recognized over the vesting period.

Income Taxes

The Income tax provision for our business segments is generally determined based on the revenues, expenses and activities directly attributable to each business segment. Certain items have been allocated to each business segment, generally in proportion to its respective net revenues or other relevant measures.

Management's Discussion and Analysis



Institutional Securities

Income Statement Information

\$ in millions	% Change						\$ in millions	% Change								
	2023	2022	2021	2023	2022	2024		2023	2022	2024	2023					
Revenues																
Advisory	\$2,244	\$2,946	\$3,487	(24)	(24)	(16)	\$2,378	\$2,244	\$2,946	6	6	(24)				
Equity	889	851	4,437	4,437	4	4	(81)	1,599	889	889	851	851	80	80	4	
Fixed income	1,445	1,438	1,438	2,348	2,348	—	—	(39)	2,193	1,445	1,445	1,438	1,438	52	52	—
Total	2,334	2,289	2,289	6,785	6,785	2	2	(66)	3,792	2,334	2,334	2,289	2,289	62	62	2
Underwriting	2,334	2,289	2,289	6,785	6,785	2	2	(66)	3,792	2,334	2,334	2,289	2,289	62	62	2
Total Investment banking	4,578	5,235	5,235	10,272	10,272	(13)	(13)	(49)	6,170	4,578	4,578	5,235	5,235	35	35	(13)
Equity	9,986	10,769	10,769	11,435	11,435	(7)	(7)	(6)	12,230	9,986	9,986	10,769	10,769	22	22	(7)
Fixed income	7,673	9,022	9,022	7,516	7,516	(15)	(15)	20	8,418	7,673	7,673	9,022	9,022	10	10	(15)
Other	823	(633)	(633)	610	610	N/M	N/M	N/M	1,262	823	823	(633)	(633)	53	53	N/M
Net revenues	23,060	24,393	24,393	29,833	29,833	(5)	(5)	(18)	28,080	23,060	23,060	24,393	24,393	22	22	(5)
Provision for credit losses	401	211	211	(7)	(7)	90	90	N/M	202	401	401	211	211	(50)	(50)	90
Compensation and benefits	8,369	8,246	8,246	9,165	9,165	1	1	(10)	8,669	8,369	8,369	8,246	8,246	4	4	1
Non-compensation expenses	9,814	9,221	9,221	8,861	8,861	6	6	4	10,460	9,814	9,814	9,221	9,221	7	7	6
Total non-interest expenses	18,183	17,467	17,467	18,026	18,026	4	4	(3)	19,129	18,183	18,183	17,467	17,467	5	5	4
Income before provision for income taxes	4,476	6,715	6,715	11,814	11,814	(33)	(33)	(43)	8,749	4,476	4,476	6,715	6,715	95	95	(33)
Provision for income taxes	884	1,308	1,308	2,746	2,746	(32)	(32)	(52)	1,947	884	884	1,308	1,308	120	120	(32)
Net income	3,592	5,407	5,407	9,068	9,068	(34)	(34)	(40)	6,802	3,592	3,592	5,407	5,407	89	89	(34)
Net income applicable to noncontrolling interests	139	165	165	111	111	(16)	(16)	49	136	139	139	165	165	(2)	(2)	(16)
Net income applicable to Morgan Stanley	\$3,453	\$5,242	\$5,242	\$8,957	\$8,957	(34)	(34)	(41)	\$6,666	\$3,453	\$3,453	\$5,242	\$5,242	93	93	(34)

Investment Banking

Investment Banking Volumes

\$ in billions	2023	2022	2021	\$ in billions	2024	2023	2022
Completed mergers and acquisitions:							
Equity and equity-related offerings:							
Fixed income offerings:							

Source: Refinitiv data LSEG Data & Risk Analytics (formerly known as Refinitiv) as of January 2, 2024 January 2, 2025. Transaction volumes may not be indicative of net revenues in a given period. In addition, transaction volumes for prior periods may vary from amounts previously reported due to the subsequent withdrawal, change in value or change in timing of certain transactions.

1. Includes transactions of \$100 million or more. Based on full credit to each of the advisors in a transaction.

2. Based on full credit for single book managers and equal credit for joint book managers.
3. Includes Rule 144A issuances and registered public offerings of common stock, convertible securities and rights offerings.
4. Includes Rule 144A and publicly registered issuances, non-convertible preferred stock, mortgage-backed and asset-backed securities, and taxable municipal debt. Excludes leveraged loans and self-led issuances.

Investment Banking Revenues

Net revenues of **\$4,578 million** **\$6,170 million** in 2023 decreased 13% 2024 increased 35% compared with the prior year, primarily reflecting lower an increase in underwriting and Advisory revenues.

- Advisory revenues decreased increased primarily due to fewer higher completed M&A transactions on lower market volumes. transactions.
- Equity underwriting revenues increased primarily on higher volumes, primarily in secondary initial public offerings and convertible issuances, partially offset by lower revenues from initial public follow-on offerings.
- Fixed income underwriting revenues were relatively unchanged increased primarily reflecting higher bond issuances, non-investment grade loan issuances and securitized products revenues.

While Investment Banking results improved from the prior year, primarily reflecting higher investment-grade loan and bond issuances, offset by lower non-investment grade loan issuances.

Investment Banking continues we continue to operate in a market environment characterized by with lower completed M&A and underwriting activity amid market uncertainty, including the future path of interest rates relative to longer-term averages.

See "Investment Banking Volumes" herein.

Equity, Fixed Income and Other Net Revenues

Equity and Fixed Income Net Revenues

\$ in millions	2024				
	Trading	Fees ¹	Net Interest ²	All Other ³	Total
Financing	\$ 8,135	\$ 566	\$ (2,840)	\$ 17	\$ 5,878
Execution services	3,702	2,591	(291)	350	6,352
Total Equity	\$ 11,837	\$ 3,157	\$ (3,131)	\$ 367	\$ 12,230
Total Fixed income	\$ 8,464	\$ 394	\$ (730)	\$ 290	\$ 8,418

\$ in millions	2023				
	Trading	Fees ¹	Net Interest ²	All Other ³	Total
Financing	\$ 7,206	\$ 524	\$ (2,886)	\$ 66	\$ 4,910
Execution services	2,919	2,235	(190)	112	5,076
Total Equity	\$ 10,125	\$ 2,759	\$ (3,076)	\$ 178	\$ 9,986
Total Fixed income	\$ 7,848	\$ 375	\$ (975)	\$ 425	\$ 7,673

\$ in millions	2022				
	Trading	Fees ¹	Net Interest ²	All Other ³	Total
Financing	\$ 5,223	\$ 535	\$ (257)	\$ 36	\$ 5,537
Execution services	2,947	2,462	(81)	(96)	5,232
Total Equity	\$ 8,170	\$ 2,997	\$ (338)	\$ (60)	\$ 10,769
Total Fixed income	\$ 7,711	\$ 341	\$ 922	\$ 48	\$ 9,022

\$ in millions	2021				
	Trading	Fees ¹	Net Interest ²	All Other ³	Total
Financing	\$ 4,110	\$ 508	\$ 520	\$ 8	\$ 5,146
Execution services	3,327	2,648	(226)	540	6,289
Total Equity	\$ 7,437	\$ 3,156	\$ 294	\$ 548	\$ 11,435
Total Fixed income	\$ 5,098	\$ 307	\$ 1,835	\$ 276	\$ 7,516

1. Includes Commissions and fees and Asset management revenues.

2. Includes funding costs, which are allocated to the businesses based on funding usage.

3. Includes Investments and Other revenues.

Equity

Net revenues of \$9,986 million \$12,230 million in 2023 decreased 7% 2024 increased 22% compared with the prior year, reflecting decreases an increase in both Execution services and Financing, particularly in Asia and Execution services, the Americas.

- Financing revenues decreased increased primarily due to higher client activity and lower funding and liquidity costs compared with the prior year. costs.
- Execution services revenues decreased increased primarily due to lower higher gains on inventory held to facilitate client activity and increased client activity in derivatives and cash equities and lower client activity in cash equities, partially offset by mark-to-market gains on business-related investments compared with losses in the prior year. equities.

Fixed Income

Net revenues of \$7,673 million \$8,418 million in 2023 decreased 15% 2024 increased 10% compared with the prior year, primarily reflecting a decrease an increase across businesses, particularly in foreign exchange Credit and commodities Global macro products.

- Global macro products revenues decreased increased primarily due to a decline in lower losses on foreign exchange products, products and higher gains on rates products, on inventory held to facilitate client activity.
- Credit products revenues decreased increased primarily due to higher lending and securitized products revenues and lower client activity across products. losses

Management's Discussion and Analysis



on inventory held to facilitate client activity in corporate credit products.

- Commodities products and other fixed income revenues decreased compared to elevated results in the prior year, primarily due to lower gains on inventory held to facilitate client activity and lower client activity. were relatively unchanged.

Other Net Revenues

Other net revenues were \$823 million \$1,262 million in 2023 2024 compared with losses of \$633 million \$823 million in the prior year, primarily due to lower mark-to-market losses on corporate loans, held for sale, inclusive of hedges, and higher net interest income and fees on corporate loans, mark-to-market gains compared with losses in the prior year on DCP investments and impacts from liquidity and funding costs. loans.

Provision for Credit Losses

In 2023, 2024, the Provision for credit losses on loans and lending commitments of \$401 million \$202 million was primarily related to deteriorating conditions growth in the corporate loan portfolio and provisions for certain specific commercial real estate loans, partially offset by improvements in the macroeconomic outlook. The Provision for credit losses on loans and lending commitments of \$401 million in 2023 was primarily related to credit deterioration in the commercial real estate sector, including provisions for certain specific loans, mainly in the office portfolio, and modest growth in certain other loan portfolios. The Provision for credit losses on loans and lending commitments of \$211 million in 2022 was primarily driven by portfolio growth and deterioration in the macroeconomic outlook.

For further information on the Provision for credit losses, see "Credit Risk" herein.

Non-Interest Expenses

Non-interest expenses of \$18,183 million \$19,129 million in 2023 2024 increased 4% 5% compared with the prior year due to as a result of higher Non-compensation expenses and Compensation and benefits expenses.

- Compensation and benefits expenses increased primarily due to reflecting higher expenses related to DCP and discretionary incentive compensation on higher stock-based compensation expenses driven by the Firm's share price movement in the prior year, revenues, partially offset by lower expenses related to outstanding deferred equity compensation, severance costs.
- Non-compensation expenses increased primarily due to reflecting higher execution-related expenses and increased technology spend, on technology, an partially offset by lower legal expenses and lower FDIC special assessment of \$121 million, higher legal expenses, including \$249 million related to a specific matter, higher execution-related and marketing and business development expenses. cost.

Management's Discussion and Analysis



Wealth Management

Income Statement Information

\$ in millions	% Change					% Change										
	2023	2022	2021	2023	2022	2024	2023	2022	2024	2023						
Revenues																
Asset management																
Asset management																
Asset management	\$14,019	\$13,872	\$13,966	1	1%	(1)%	\$16,501	\$14,019	\$13,872	18	1%					
Transactional:	3,556	2,473	2,473	4,259	4,259	44	4%	(42)%	3,864	3,556	3,556	2,473	2,473	9	9%	44%
Net interest	8,118	7,429	7,429	5,393	5,393	9	9%	38%	7,313	8,118	8,118	7,429	7,429	(10)	(10)%	9%
Other:	575	643	625	(11)%	3%											
Other:	742	575	643	29%	(11)%											
Net revenues	26,268	24,417	24,417	24,243	24,243	8	8%	1%	28,420	26,268	26,268	24,417	24,417	8	8%	8%
Provision for credit losses	131	69	69	11	11	90	90%	N/M	62	131	131	69	69	(53)	(53)%	90%
Compensation and benefits	13,972	12,534	12,534	13,090	13,090	11	11%	(4)%	15,207	13,972	13,972	12,534	12,534	9	9%	11%
Non-compensation expenses	5,635	5,231	5,231	4,961	4,961	8	8%	5%	5,411	5,635	5,635	5,231	5,231	(4)	(4)%	8%
Total non-interest expenses	19,607	17,765	17,765	18,051	18,051	10	10%	(2)%	20,618	19,607	19,607	17,765	17,765	5	5%	10%
Income before provision for income taxes	6,530	6,583	6,583	6,181	6,181	(1)	(1)%	7%	7,740	6,530	6,530	6,583	6,583	19	19%	(1)%
Provision for income taxes	1,508	1,444	1,444	1,447	1,447	4	4%	—	1,852	1,508	1,508	1,444	1,444	23	23%	4%
Net income applicable to Morgan Stanley	\$ 5,022	\$ 5,139	\$ 4,734	(2)	(2)%	9%			\$5,888	\$ 5,022	\$ 5,022	\$ 5,139	\$ 5,139	17	17%	(2)%

1. Transactional includes Investment banking, Trading, and Commissions and fees revenues.

2. Other includes Investments and Other revenues.

Wealth Management Metrics

\$ in billions	At December 31, 2023		At December 31, 2022		At December 31, 2024		At December 31, 2023	
	\$ in billions	2023	\$ in billions	2022	\$ in billions	2024	\$ in billions	2023
Total client assets ¹	\$	5,129	\$	4,187	\$	6,194	\$	5,129
U.S. Bank Subsidiary loans	\$	147	\$	146	\$	160	\$	147
Margin and other lending ²	\$	21	\$	22	\$	28	\$	21
Deposits ³	\$	346	\$	351	\$	370	\$	346

Annualized weighted average cost of deposits:

Period end	2023	2022	2024	2023
Period end	2.92%	1.59%	2.73%	2.92%
Period average	2.43%	0.53%	3.05%	2.43%

	2024			2023			2022							
Net new assets	Net new assets	\$	282.3	\$	311.3	\$	437.7	Net new assets	\$	251.7	\$	282.3	\$	311.3

- Client assets represent those for which Wealth Management is providing services including financial advisor-led brokerage, custody, administrative and investment advisory services; self-directed brokerage and investment advisory services; financial and wealth planning services; workplace services, including stock plan administration, and retirement plan services. See "Advisor-Led Channel" and "Self-Directed Channel" herein for additional information.
- Margin and other lending represents margin lending arrangements, which allow customers to borrow against the value of qualifying securities and other lending which includes non-purpose securities-based lending on non-bank entities.
- Deposits reflect liabilities sourced from Wealth Management clients and other sources of funding on our U.S. Bank Subsidiaries. Deposits include sweep deposit programs, savings and other deposits, and time deposits. As of December 31, 2023, there were no off-balance sheet amounts excluded from deposits. As of December 31, 2022, approximately \$6 billion off-balance sheet amounts were excluded from deposits.
- Annualized weighted average represents the total annualized weighted average cost of the various deposit products, excluding products. Amounts at December 31, 2024 include the effect of related hedging derivatives. Amounts at December 31, 2023 exclude the effect of related hedging derivatives, which did not have a material impact on the cost of deposits. The period end cost of deposits is based upon balances and rates as of December 31, 2023, December 31, 2024 and December 31, 2022, December 31, 2023. The period average is based on daily balances and rates for the year period.

Net New Assets (NNA)

NNA represent client asset inflows, inclusive of interest, dividends and asset acquisitions, less client asset outflows, and exclude the impact of business combinations/divestitures and the impact of fees and commissions. The level of NNA in a given period is influenced by a variety of factors, including macroeconomic factors that impact client investment and spending behaviors, seasonality, our ability to attract and retain financial advisors and clients, capital market and timing corporate activities which may impact the amount of assets in certain client channels, and large idiosyncratic flows. Macroeconomic inflows and

outflows. These factors have had an impact on our NNA in

recent periods. Should these factors continue, the growth rate of our NNA may be impacted.

Advisor-Led Channel

\$ in billions

\$ in billions

\$ in billions

Advisor-led client assets:				
Advisor-led client assets:				
Advisor-led client assets:				
Fee-based client assets:				
Fee-based client assets:				
Fee-based client assets:				
Fee-based client assets as a percentage of advisor-led client assets				
Fee-based client assets as a percentage of advisor-led client assets				
Fee-based client assets as a percentage of advisor-led client assets				

	2023		
	2023		
	2023	2022	2021
	2024		
	2024		
	2024	2023	2022

Fee-based asset flows:	Fee-based asset flows:	\$	109.2	\$	162.8	\$	179.3	Fee-based asset flows:	\$	123.1	\$	109.2	\$	162.8
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- Advisor-led client assets represent client assets in accounts that have a Wealth Management representative assigned.
- Fee-based client assets represent the amount of assets in client accounts assets where the basis of payment for services is a fee calculated on those assets.
- Fee-based asset flows include net new fee-based assets (including asset acquisitions), net account transfers, dividends, interest and client fees, and exclude institutional cash management related activity. For a description of the Inflows and Outflows included in Fee-based asset flows, see Fee-based client assets herein.

Self-Directed Channel

	At December 31,
	2023
	At December 31,
	2023
	At December 31,
	2023
	At December 31,
	2024
	At December 31,
	2024

					At December 31,			
					2024			
Self-directed assets (in billions):								
Self-directed assets (in billions):								
Self-directed assets (in billions):								
Self-directed households (in millions):								
Self-directed households (in millions):								
Self-directed households (in millions):								
				2023				
				2023				
				2023	2022	2021		
				2024				
				2024				
				2024	2023	2022		
Daily average revenue trades ("DARTs") (in thousands):	Daily average revenue trades ("DARTs") (in thousands):	759	864	1,161	Daily average revenue trades ("DARTs") (in thousands):	837	759	864

1. Self-directed client assets represent active accounts which are not advisor led. Active accounts are defined as having at least \$25 in assets.
2. Self-directed households represent the total number of households that include at least one active account with self-directed assets. Individual households or participants that are engaged in one or more of our Wealth Management channels are included in each of the respective channel counts.
3. DARTs represent the total self-directed trades in a period divided by the number of trading days during that period.

Workplace Channel:

					At December 31,		
					2023		
					At December 31,		
					2023		
					At December 31,		
					2023		
					At December 31,		
					2024		
					At December 31,		
					2024		
					At December 31,		
					2024		
Workplace invested assets (in billions):							
Workplace invested assets (in billions):							
Workplace invested assets (in billions):							
Number of participants (in millions):							
Number of participants (in millions):							
Number of participants (in millions):							

1. The workplace channel includes equity compensation solutions for companies, their executives and employees.
2. Stock plan invested assets represent the market value of public company securities at the end of the period. The stock plan vested asset retention rate within the workplace channel, which represents the percentage of stock plan assets retained in either the self-directed or advisor-led channels following vesting, is 29%, 34% and 24% for 2023, 2022 and 2021, respectively. The rate is derived using the stock plan inflows for the previous year, less related outflows for the previous year and reported year, and dividing the result by the previous year inflows.
3. Stock plan participants represent total accounts with vested and/or unvested stock plan assets in the workplace channel. Individuals with accounts in multiple plans are counted as participants in each plan.

Net Revenues

Asset Management

Asset management revenues of \$14,019 million \$16,501 million in 2023 2024 increased 1% 18% compared with the prior year, reflecting higher fee-based assets due to higher market levels and the cumulative impact of positive fee-based flows, partially offset by a reduction driven by changes in client and product mix and lower average fee-based client asset levels due to declines in the markets, flows.

See "Fee-Based Client Assets Rollforwards" herein.

Management's Discussion and Analysis



Transactional Revenues

Transactional revenues of \$3,556 million in 2023 increased 44% compared with the prior year, reflecting higher client activity particularly in equity-related transactions.

Management's Discussion and Analysis



Net Interest

Net interest revenues of \$7,313 million in 2024 decreased 10% compared with the prior year, primarily due to \$282 million of gains on DCP investments compared with \$858 million of losses in the prior year, lower average sweep deposits, partially offset by lower client activity.

For further information higher yields on the impact of DCP, see "Selected Non-GAAP Financial Information" herein.

Net Interest

Net interest revenues of \$8,118 million in 2023 increased 9% compared with the prior year, primarily due to the net effect of higher interest rates, partially offset by changes in deposit mix, our investment portfolio and lending growth.

The level and pace of interest rate changes and other macroeconomic factors continued to impact have impacted client preferences for cash allocation to higher-yielding products and the pace of reallocation of client balances, resulting in changes in the deposit mix and associated interest expense, as well as client demand for loans. If these trends These factors, along with other developments, such as pricing changes to certain deposit types due to various competitive dynamics, have impacted our net interest income. To the extent they persist, or other factors arise, such as central bank actions and changes in the path of interest rates, net interest income could may be impacted in future periods.

Provision for Credit Losses

The Provision for credit losses on loans and lending commitments of \$62 million in 2024 was primarily related to certain specific commercial real estate and securities-based loans, and portfolio growth, partially offset by improvements in the macroeconomic outlook. The Provision for credit losses on loans and lending commitments of \$131 million in 2023 was primarily related to deteriorating conditions in the commercial real estate sector including provisions for certain specific loans, mainly in the office portfolio. The Provision for credit losses on loans and lending commitments was \$69 million in 2022, primarily driven by portfolio growth in Residential real estate loans and deteriorating conditions in the commercial real estate sector.

For further information on the Provision for credit losses, see "Credit Risk" herein.

Non-Interest Expenses

Non-interest expenses of \$19,607 million in 2023 increased

Fee-Based Client Assets Rollforwards

\$ in billions	At December 31, 2023		Inflows ₁	Outflows ₂	Market Impacts	At December 31, 2024	
Separately managed ₄	\$ 589	\$ 69	\$ (38)	\$ 99	\$ 719		
Unified managed	501	120	(56)	48	613		
Advisor	188	31	(35)	23	207		
Portfolio manager	645	120	(88)	73	750		
Subtotal	\$ 1,923	\$ 340	\$ (217)	\$ 243	\$ 2,289		
Cash management	60	57	(59)	—	58		
Total fee-based client assets	\$ 1,983	\$ 397	\$ (276)	\$ 243	\$ 2,347		

\$ in billions	At December 31, 2022		Inflows ₁	Outflows ₂	Market Impacts	At December 31, 2023	
Separately managed ₄	\$ 501	\$ 70	\$ (23)	\$ 41	\$ 589		
Unified managed	408	96	(56)	53	501		
Advisor	167	29	(32)	24	188		
Portfolio manager	552	98	(73)	68	645		
Subtotal	\$ 1,628	\$ 293	\$ (184)	\$ 186	\$ 1,923		
Cash management	50	60	(50)	—	60		
Total fee-based client assets	\$ 1,678	\$ 353	\$ (234)	\$ 186	\$ 1,983		

\$ in billions	At December 31, 2021		Inflows _{1,5}	Outflows ₂	Market Impacts	At December 31, 2022	
Separately managed ₄	\$ 479	\$ 141	\$ (25)	\$ (94)	\$ 501		
Unified managed	467	76	(50)	(85)	408		
Advisor	211	29	(35)	(38)	167		
Portfolio manager	636	94	(67)	(111)	552		
Subtotal	\$ 1,793	\$ 340	\$ (177)	\$ (328)	\$ 1,628		
Cash management	46	38	(34)	—	50		

10%5% compared with the prior year, as a result of higher Compensation and benefits expense and higher expenses, partially offset by lower Non-compensation expense. expenses.

- Compensation and benefits expenses increased, primarily due to an increase in the formulaic payout to Wealth Management representatives on higher expenses related to DCP and higher salaries driven by hiring mix. compensable revenues.

For further information on the impact of expenses related to DCP, see “Selected Non-GAAP Financial Information” herein.

- Non-compensation expenses increased, decreased, primarily driven by an lower professional services and legal expenses and lower FDIC special assessment of \$165 million, increased spend on cost, partially offset by higher technology and costs related to exits of real estate. spend.

Total fee-based client assets										
	\$	1,839	\$	378	\$	(211)	\$	(328)	\$	1,678
	At		At		Market		At			
	December 31,		December 31,		Impact ³		December 31,			
\$ in billions	2020	Inflows ^{1,5}	2021	Outflows ²	2021	2021	2021	2021		
Separately managed ⁴	\$	359	\$	86	\$	(20)	\$	54	\$	479
Unified managed		379		100		(54)		42		467
Advisor		177		42		(30)		22		211
Portfolio manager		509		113		(58)		72		636
Subtotal	\$	1,424	\$	341	\$	(162)	\$	190	\$	1,793
Cash management		48		30		(32)		—		46
Total fee-based client assets	\$	1,472	\$	371	\$	(194)	\$	190	\$	1,839

1. Inflows include new accounts, account transfers, deposits, dividends and interest.
2. Outflows include closed or terminated accounts, account transfers, withdrawals and client fees.
3. Market impact includes realized and unrealized gains and losses on portfolio investments.
4. Includes non-custody account values based on asset values reported on a quarter lag by third-party custodians.
5. Includes \$75 billion of fee-based assets acquired in an asset acquisition in the first quarter of 2022, reflected in Separately managed.
6. Includes \$43 billion of fee-based assets acquired in an asset acquisition in the third quarter of 2021, reflected in Separately managed.

Average Fee Rates ¹								
Fee rate in bps	Fee rate in bps	2023	2022	2021	Fee rate in bps	2024	2023	2022
Separately managed								
Unified managed								
Advisor								
Portfolio manager								
Subtotal								
Cash management								
Total fee-based client assets								

1. Based on Asset management revenues related to advisory services associated with fee-based assets.

Asset management revenues within the Wealth Management segment are primarily generated from the following types of accounts:

- *Separately managed*—accounts by which third party and affiliated asset managers are engaged to manage clients' assets with investment decisions made by the asset

Management's Discussion and Analysis



manager. Only one third-party asset manager strategy can be held per account.

- *Unified managed*—accounts that provide the client with the ability to combine separately managed accounts, mutual funds and exchange-traded funds, all in one aggregate account. Investment decisions and discretionary authority may be exercised by the client, financial advisor or portfolio manager. Also includes accounts that give the client the ability to systematically allocate assets across a wide range of mutual funds, for which the investment decisions are made by the client.
- *Advisor*—accounts where the investment decisions must be approved by the client, and the financial advisor must obtain approval each time a change is made to the account or its investments.
- *Portfolio manager*—accounts where a financial advisor has discretion (contractually approved by the client) to make ongoing investment decisions without the client's approval for each individual change.
- *Cash management*—accounts where the financial advisor provides discretionary cash management services to institutional clients, whereby securities or proceeds are invested and reinvested in accordance with the client's investment criteria. Generally, the portfolio will be invested in short-term fixed income and cash equivalent investments.

Management's Discussion and Analysis



Investment Management

Income Statement Information

\$ in millions	\$ in millions	% Change					\$ in millions	% Change									
		2023	2022	2021	2023	2022		2024	2023	2022	2024	2023					
Revenues																	
Asset management and related fees																	
Asset management and related fees																	
Asset management and related fees	\$5,231	\$ 5,332	\$ 5,576	(2)	(2)%	(4)%	\$ 5,627	\$ 5,231	\$ 5,332	8	8	% (2) %					
Performance-based income and other ¹	139	43	43	644	644	N/M	N/M	(93)%	other ¹	234	139	139	43	43	68	68	% N/M
Net revenues	5,370	5,375	5,375	6,220	6,220	—	—	(14)%	Net revenues	5,861	5,370	5,370	5,375	5,375	9	9	% — %
Compensation and benefits	2,217	2,273	2,273	2,373	2,373	(2)	(2)%	(4)%	Compensation and benefits	2,302	2,217	2,217	2,273	2,273	4	4	% (2)%
Non-compensation expenses	2,311	2,295	2,295	2,169	2,169	1	1	% 6	Non-compensation expenses	2,422	2,311	2,311	2,295	2,295	5	5	% 1 %
Total non-interest expenses	4,528	4,568	4,568	4,542	4,542	(1)	(1)%	1 %	Total non-interest expenses	4,724	4,528	4,528	4,568	4,568	4	4	% (1)%
Income before provision for income taxes	842	807	807	1,678	1,678	4	4	% (52)%	Income before provision for income taxes	1,137	842	842	807	807	35	35	% 4 %
Provision for income taxes	199	162	162	356	356	23	23	% (54)%	Provision for income taxes	275	199	199	162	162	38	38	% 23 %
Net income																	
Net income	643	645	645	1,322	1,322	—	—	% (51)%	Net income	862	643	643	645	645	34	34	% — %
Net income applicable to noncontrolling interests	4	(15)	(15)	(25)	(25)	127	127	% 40 %	Net income applicable to noncontrolling interests	3	4	4	(15)	(15)	(25)	(25)	% 127 %
Net income applicable to Morgan Stanley	\$ 639	\$ 660	\$ 660	\$ 1,347	\$ 1,347	(3)	(3)%	(51)%	Net income applicable to Morgan Stanley	\$ 859	\$ 639	\$ 639	\$ 660	\$ 660	34	34	% (3)%

1. Includes Investments Trading, Commissions and fees, Trading, Net interest and Other revenues.

Net Revenues

Asset Management and Related Fees

Asset management and related fees of **\$5,231 million** **\$5,627 million** in **2023** decreased **2%** **2024 increased 8%** compared with the prior year, primarily due to a shift in the mix of driven by higher average AUM driven by the cumulative effect of net flows, on higher market levels.

Asset management revenues are influenced by the level, relative mix of AUM and related fee rates. **The** While higher market environment levels drove increases in average AUM in the current year period, there were continued net outflows in the Equity asset class, which may be influenced by the structure and client preferences in recent quarters have impacted the mix performance of our average Long-Term AUM level across certain investment strategies and products relative to their benchmarks, offset by higher net inflows in the Alternatives and Solutions and Fixed Income asset classes, classes reflecting client preferences. To the extent these conditions continue, we would expect our Asset management revenue to continue to be negatively impacted.

See "Assets Under Management or Supervision" herein.

Performance-based Income and Other

Performance-based income and other revenues increased to **\$139 million** **\$234 million** in **2023**, **2024**, from **\$43 million** **\$139 million** in the prior year, primarily due to mark-to-market gains higher accrued carried interest in **2023** compared with losses in the prior year on DCP investments infrastructure and investments in public real estate funds, partially offset by lower accrued carried interest in certain private equity funds.

Non-Interest Expenses

Non-interest expenses of **\$4,528 million** **\$4,724 million** in **2023** decreased **1%** **2024 increased 4%** from the prior year, primarily due to lower as a result of higher Non-compensation and Compensation and benefits expenses.

- Compensation and benefits expenses decreased increased primarily due to lower expenses related to higher compensation associated with carried interest, partially offset by higher expenses related to DCP interest.
- Non-compensation expenses were relatively unchanged for the current year, increased primarily due to higher distribution expenses on higher AUM.

Management's Discussion and Analysis



Assets Under Management or Supervision Rollforwards

Rollforwards

\$ in billions	At					At Dec 31, 2024
	Dec 31, 2023	Inflows ¹	Outflows ²	Market Impacts ³	Other ⁴	
Equity	\$ 295	\$ 44	\$ (66)	\$ 49	\$ (10)	\$ 312
Fixed Income	171	69	(49)	7	(6)	192
Alternatives and Solutions	508	140	(108)	62	(9)	593
Long-Term AUM	\$ 974	\$ 253	\$ (223)	\$ 118	\$ (25)	\$ 1,097
Liquidity and Overlay Services	485	2,349	(2,268)	20	(17)	569
Total	\$ 1,459	\$ 2,602	\$ (2,491)	\$ 138	\$ (42)	\$ 1,666

At

At

Average AUM

\$ in billions	\$ in billions	2023	2022	2021	\$ in billions	2024	2023	2022
Equity								
Fixed income								
Alternatives and Solutions								
Long-Term AUM Subtotal								
Liquidity and Overlay Services								
Total AUM								

\$ in billions	Dec 31, 2022	Inflows ¹	Outflows ²	Market Impacts	Other ^{4,5}	Dec 31, 2023
Equity	\$ 259	\$ 40	\$ (57)	\$ 57	\$ (4)	295
Fixed Income	173	56	(62)	11	(7)	171
Alternatives and						
Solutions	431	108	(91)	57	3	508
Long-Term AUM	\$ 863	\$ 204	\$ (210)	\$ 125	\$ (8)	974
Liquidity and Overlay						
Services	442	2,282	(2,244)	20	(15)	485
Total	\$ 1,305	\$ 2,486	\$ (2,454)	\$ 145	\$ (23)	1,459

\$ in billions	At Dec 31, 2021	Inflows ¹	Outflows ²	Market Impacts	Other ⁴	At Dec 31, 2022
Equity	\$ 395	\$ 56	\$ (74)	\$ (106)	\$ (12)	259
Fixed Income	207	66	(78)	(16)	(6)	173
Alternatives and						
Solutions	466	102	(83)	(47)	(7)	431
Long-Term AUM	\$ 1,068	\$ 224	\$ (235)	\$ (169)	\$ (25)	863
Liquidity and Overlay						
Services	497	2,224	(2,268)	(6)	(5)	442
Total	\$ 1,565	\$ 2,448	\$ (2,503)	\$ (175)	\$ (30)	1,305

\$ in billions	At Dec 31, 2020	Inflows ¹	Outflows ²	Market Impacts	Other ^{4,5}	At Dec 31, 2021
Equity	\$ 242	\$ 100	\$ (85)	\$ 34	\$ 104	395
Fixed Income	98	67	(55)	—	97	207
Alternatives and						
Solutions	153	95	(78)	51	245	466
Long-Term AUM	\$ 493	\$ 262	\$ (218)	\$ 85	\$ 446	1,068
Liquidity and Overlay						
Services	288	1,940	(1,852)	6	115	497
Total	\$ 781	\$ 2,202	\$ (2,070)	\$ 91	\$ 561	1,565

- Inflows represent investments or commitments from new and existing clients in new or existing investment products, including reinvestments of client dividends and increases in invested capital. Inflows exclude the impact of exchanges, whereby a client changes positions within the same asset class.
- Outflows represent redemptions from clients' funds, transition of funds from the committed capital period to the invested capital period and decreases in invested capital. Outflows exclude the impact of exchanges, whereby a client changes positions within the same asset class.
- Market impact includes realized and unrealized gains and losses on portfolio investments. This excludes any funds where market impact does not impact management fees.
- Other contains both distributions and foreign currency impact for all periods. Distributions represent decreases in invested capital due to returns of capital after the investment period of a fund. It also includes fund dividends that the client has not reinvested. Foreign currency impact reflects foreign currency changes for non-U.S. dollar **dominated** **denominated** funds.
- In 2023, our Retail Municipal and Corporate Fixed Income business ("FIMS") was combined with our Parametric retail customized solutions business. The impact of the change was a \$6 billion movement in AUM from Fixed Income to the Alternatives and Solutions asset class included in Other.

6. The 2021 Other amounts primarily include AUM additions related to the Eaton Vance Corp. ("Eaton Vance") acquisition.

Average Fee Rates:

Fee rate in bps	2023	2022	2021	Fee rate in bps	2024	2023	2022
Equity							
Fixed income							
Alternatives and Solutions							

Long-Term AUM
Liquidity and Overlay Services
Total AUM

1. Based on Asset management revenues, net of waivers, excluding performance-based fees and other non-management fees. For certain non-U.S. funds, it includes the portion of advisory fees that the advisor collects on behalf of third-party distributors. The payment of those fees to the distributor is included in Non-compensation expenses in the income statement.

Asset management and other related fees within the Investment Management segment are primarily generated from Equity, Fixed Income and the following products:

Alternatives and Solutions. Includes products in fund of funds, real estate, infrastructure, private equity and credit strategies and multi-asset portfolios, as well as systematic strategies that create custom investment solutions.

Liquidity and Overlay Services. Includes liquidity fund products, as well as overlay services, which represent investment strategies that use passive exposure instruments to obtain, offset or substitute specific portfolio exposures, beyond those provided by the underlying holdings of the fund.

Management's Discussion and Analysis



Supplemental Financial Information

U.S. Bank Subsidiaries

Our U.S. Bank Subsidiaries accept deposits, provide loans to a variety of customers, including large corporate and institutional clients, as well as high to ultra-high net worth individuals, and invest in securities. Lending activity in our U.S. Bank Subsidiaries from the Institutional Securities business segment primarily includes Secured lending facilities, Commercial and Residential real estate and Corporate loans. Lending activity in our U.S. Bank Subsidiaries from the Wealth Management business segment primarily includes Securities-based lending, which allows clients to borrow money against the value of qualifying securities, and Residential real estate loans.

For a further discussion of our credit risks, see “Quantitative and Qualitative Disclosures about Risk—Credit Risk” herein. For a further discussion about loans and lending commitments, see Notes 9 and 14 to the financial statements.

U.S. Bank Subsidiaries' Supplemental Financial Information¹

	At		At	
	December 31, 2023	December 31, 2022	December 31, 2024	December 31, 2023
<i>\$ in billions</i>	<i>\$ in billions</i>		<i>\$ in billions</i>	
Investment securities:				
Available-for-sale at fair value				
Available-for-sale at fair value				
Available-for-sale at fair value				
Held-to-maturity				
Total Investment securities				
Wealth Management Loans²			Wealth Management loans²	
Residential real estate				
Securities-based lending and Other ³				
Total, net of ACL				
Institutional Securities Loans:				
Total Wealth Management loans				
Institutional Securities loans²				
Corporate				
Secured lending facilities				
Commercial and Residential real estate				
Securities-based lending and Other				
Total, net of ACL				
Total Assets				
Total Institutional Securities loans				
Total assets				
Deposits ⁴				

1. Amounts exclude transactions between the bank subsidiaries, as well as deposits from the Parent Company and affiliates.

2. Represents loans, net of ACL. For a further discussion of loans in the Wealth Management and Institutional Securities business segments, see “Quantitative and Qualitative Disclosures about Risk—Credit Risk” herein.

3. Other loans primarily include tailored lending. For a further discussion of Other loans, see “Quantitative and Qualitative Disclosures about Risk—Credit Risk” herein.

4. For further information on deposits, see “Liquidity and Capital Resources—Funding Management—Balance Sheet—Unsecured Financing” herein.

Other Matters

Deferred Cash-Based Compensation

The Firm sponsors a number of deferred cash-based compensation programs for current and former employees, which generally contain vesting, clawback and cancellation provisions.

Employees are permitted to allocate the value of their deferred awards among a menu of notional investments, whereby the value of their awards will track the performance of the referenced notional investments. The menu of investments, which is selected by the Firm, includes fixed income, equity, commodity and money market funds.

Compensation expense for DCP awards is calculated based on the notional value of the award granted, adjusted for changes in the fair value of the referenced investments that employees select. Compensation expense is recognized over the vesting period relevant to each separately vesting portion of deferred awards.

We invest directly, as principal, in financial instruments and other investments to economically hedge certain of our obligations under these DCP awards. Changes in the fair value of such investments, net of financing costs, are recorded in net revenues, and included in Transactional revenues in the Wealth Management business segment. Although changes in compensation expense resulting from changes in the fair value of the referenced investments will generally be offset by changes in the fair value of investments recognized in net revenues, there is typically a timing difference between the immediate recognition of gains and losses on our investments and the deferred recognition of the related compensation expense over the vesting period. While this timing difference may not be material to our Income before provision for income taxes in any individual period, it may impact the Wealth Management business segment reported ratios and operating metrics in certain periods due to potentially significant impacts to net revenues and compensation expenses. At **December 31, 2023**, **December 31, 2024** and **December 31, 2022**, **December 31, 2023**, substantially all **employee referenced** **employee-referenced** investments that subjected the Firm to price risk were economically hedged.

Amounts Recognized in Compensation Expense

<i>\$ in millions</i>	<i>\$ in millions</i>	2023	2022	2021	<i>\$ in millions</i>	2024	2023	2022
Deferred cash-based awards								
Return on referenced investments								
Total recognized in compensation expense								

Amounts Recognized in Compensation Expense by Segment

<i>\$ in millions</i>	<i>\$ in millions</i>	2023	2022	2021	<i>\$ in millions</i>	2024	2023	2022
Institutional Securities								
Wealth Management								
Investment Management								
Total recognized in compensation expense								

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Management’s Discussion and Analysis



Projected Future Compensation Obligation:

\$ in millions

Award liabilities at December 31, 2023 December 31, 2024: ³	\$ 5,331 5,658
Fully vested amounts to be distributed by the end of February 2024 2025:	(905) (772)
Unrecognized portion of prior awards at December 31, 2023 December 31, 2024:	1,373 1,590
2023 2024 performance year awards granted in 2024 2025:	357 432
Totals	\$ 6,156 6,908

1. Amounts relate to performance years **2023 2024** and prior.
2. Balance is reflected in Other liabilities and accrued expenses in the balance sheet as of **December 31, 2023** **December 31, 2024**.
3. Amounts do not include assumptions regarding forfeitures or assumptions about future market conditions with respect to referenced investments.
4. Distributions after February of each year are generally immaterial.
5. Of the total projected future compensation obligation, approximately **20% 18%** relates to Institutional Securities, approximately **70% 74%** relates to Wealth Management and approximately **10% 8%** relates to Investment Management.

The previous table presents a rollforward of the Firm’s estimated projected future compensation obligation for existing deferred cash-based compensation awards, exclusive of any assumptions about future market conditions with respect to referenced investments.

Projected Future Compensation Expense:

\$ in millions

Estimated to be recognized in:
Estimated to be recognized in:
Estimated to be recognized in:
2024
2024
2024
2025
2025
2025
2026
Thereafter
Total

1. Amounts relate to performance years **2023 2024** and prior, and do not include assumptions regarding forfeitures or assumptions about future market conditions with respect to referenced investments.

The previous table sets forth an estimate of compensation expense associated with the projected future compensation obligation. Our projected future compensation obligation and expense for DCP for performance years **2023 2024** and prior are forward-looking statements subject to uncertainty. Actual results may be materially affected by various factors, including, among other things: the performance of each participant’s referenced investments; changes in market conditions; participants’ allocation of their deferred awards; and participant cancellations or accelerations. See “Forward-Looking Statements” and “Risk Factors” for additional information.

For further information on the Firm’s deferred stock-based plans and carried interest compensation, which are excluded from the previous tables, see Notes 2 and 19 to the financial statements.

Accounting Development Updates

The Financial Accounting Standards Board has issued certain accounting updates that apply to us. Accounting updates not listed below were assessed and determined to be either not applicable or to not have a material impact on our financial condition or results of operations upon adoption.

We adopted the following accounting update on January 1, 2024, with no material impact on our financial condition or results of operations upon adoption:

- **Investments—Tax Credit Structures.** This accounting update permits an election to account for tax equity investments using the proportional amortization method if certain conditions are met. Under the proportional amortization method, the initial cost of the investment is amortized in proportion to the income tax credits and other income tax benefits received and recognized net in the income statement as a component of provision for income taxes. The update requires a separate accounting policy election to be made for each tax credit program. Additional disclosures are required regarding (i) the nature of our tax equity investments and (ii) the effect of our tax equity investments and related income tax credits on the financial condition and results of operations.

We are currently evaluating the following accounting updates; however, we do not expect a material impact on our financial condition or results of operations upon adoption:

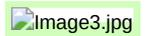
- **Disaggregation of Income Statement Expenses.** This update requires quantitative and qualitative disclosure of certain expense categories contained within their relevant expense lines in the income statement, including but not limited to: (1) employee compensation; (2) depreciation; and (3) intangible asset amortization. The update requires the disaggregation of these expense lines in a tabular format in the notes to the financial statements, including the separate disclosure of certain other expenses and gains or losses included within these expense lines which are required under existing U.S. GAAP, with all other expenses permitted to be disclosed in an "other items" category. Additionally, the update requires disclosure of the total amount and definition of the Firm's selling expenses. The update is effective for annual periods beginning January 1, 2027, and interim reporting periods beginning January 1, 2028, with early adoption permitted.
- **Income Tax Disclosures.** This accounting update requires disclosure of additional information in relation enhances annual income tax disclosures primarily to income taxes, including additional disaggregation of further disaggregate disclosures related to the income tax rate reconciliation and income taxes paid. For the income tax rate reconciliation, this update requires (1) disclosure of specific categories of reconciling items; items (where applicable), and (2) providing additional information for reconciling items that meet a quantitative threshold (if the effect of those reconciling items is equal to or greater than 5 percent of the amount computed by multiplying pretax income (or loss) by the applicable statutory income tax rate). threshold. For income taxes paid (net of refunds), this update requires disclosure of information, including (1) the amount of income taxes paid (net of refunds received) amounts disaggregated by (1) federal, state, and foreign taxes; and (2) the amount of income taxes paid (net of refunds received), disaggregated by individual jurisdictions in which income taxes paid (net of refunds received) is equal to or greater than 5 percent of total income taxes paid (net of refunds received) that meet a quantitative threshold. Additionally, the update requires disclosure of (1) income (or loss) before income taxes, disaggregated between domestic and foreign; and (2) income taxes tax expense disaggregated by federal, state and foreign. The accounting update is effective for annual periods beginning January 1, 2025, with early adoption permitted.
- **Segment Reporting.** This accounting update requires additional reportable segment disclosures on an annual and interim basis, primarily about significant segment expenses and other segment items that are regularly provided to the

Management's Discussion and Analysis

chief operating decision maker and included within the reported measure of segment profit or loss. This update does not change how operating segments are identified or aggregated, or how quantitative thresholds are applied to determine the reportable segments. The accounting update is effective for fiscal years beginning January 1, 2024, and interim periods within fiscal years beginning January 1, 2025, with early adoption permitted.

Critical Accounting Estimates

Our financial statements are prepared in accordance with U.S. GAAP, which requires us to make estimates and assumptions (see Note 1 to the financial statements). We believe that of our significant accounting policies (see Note 2 to the financial statements), the following policies involve a higher degree of judgment and complexity.

Management's Discussion and Analysis

Fair Value

Financial Instruments Measured at Fair Value

A significant number of our financial instruments are carried at fair value. The use of fair value to measure financial instruments is fundamental to our risk management practices and is our most critical accounting estimate. We make estimates regarding the valuation of assets and liabilities measured at fair value in preparing the financial statements. These assets and liabilities include, but are not limited to:

- Trading assets and Trading liabilities;
- Investment Securities—AFS;
- Certain Securities purchased under agreements to resell;
- Loans held-for-sale (measured at the lower of amortized cost or fair value);
- Certain Deposits, primarily certificates of deposit;
- Certain Securities sold under agreements to repurchase;
- Certain Other secured financings; and
- Certain Borrowings.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the exit price) in an orderly transaction between market participants at the measurement date.

In determining fair value, we use various valuation approaches. A hierarchy for inputs is used in measuring fair value that maximizes the use of observable prices and inputs, and minimizes the use of unobservable prices and inputs by requiring that the relevant observable inputs be used when available. The hierarchy is broken down into three levels: wherein Level 1 represents quoted prices in active markets, Level 2 represents valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, and Level 3 consists of valuation techniques that incorporate significant unobservable inputs and, therefore, require the greatest use of judgment. The fair values for the substantial majority of our financial assets and liabilities carried at fair value are based on observable prices and inputs and are classified in level 1 or 2, of the fair value

definition of fair value, Level 1, Level 2, Level 3 and related valuation techniques, and quantitative information about and sensitivity of significant unobservable inputs used in Level 3 fair value measurements, see Notes 2 and 4 to the financial statements.

Where appropriate, valuation adjustments are made to account for various factors, such as liquidity risk (bid-ask adjustments), credit quality, model uncertainty, concentration risk and funding, in order to arrive at fair value. For a further discussion of valuation adjustments that we apply, see Note 2 to the financial statements.

Goodwill and Intangible Assets

Goodwill

We test goodwill for impairment on an annual basis as of July 1 and on an interim basis when certain events or circumstances exist. Evaluating goodwill for impairment requires management to make significant judgments, including, in part, the use of unobservable inputs that are subject to uncertainty. Goodwill impairment tests are performed at the reporting unit level, which is generally at the level of or one level below our business segments. Goodwill no longer retains its association with a particular acquisition once it has been assigned to a reporting unit. As such, all the activities of a reporting unit, whether acquired or organically developed, are available to support the value of the goodwill.

For both the annual and interim tests, we have the option to either (i) perform a quantitative impairment test or (ii) first perform a qualitative assessment to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount, in which case the quantitative test would be performed.

When performing a quantitative impairment test, we compare the fair value of a reporting unit with its carrying amount, including goodwill. If the fair value of the reporting unit is less than its carrying amount, the goodwill impairment loss is equal to the excess of the carrying value over the fair value,

hierarchy. Level 3 financial assets represented 1.2% 0.9% and 1.4% 1.2% of our total assets, as of December 31, 2023 December 31, 2024 and December 31, 2022 December 31, 2023, respectively.

In periods of market disruption, the observability of prices and inputs, as well as market liquidity, may be reduced for many instruments, which could cause an instrument to be recategorized from Level 1 to Level 2 or from Level 2 to Level 3. In addition, a downturn in market conditions could lead to declines in the valuation of many instruments carried at fair value. Imprecision in estimating unobservable market inputs or other factors can affect the amount of gain or loss recorded for a particular position. The Firm uses various methodologies and assumptions in the determination of fair value. The use of methodologies or assumptions different than those used by the Firm could result in a different estimate of fair value at the reporting date. For further information on the

Management's Discussion and Analysis



limited by the carrying amount of goodwill allocated to that reporting unit.

The carrying value of each reporting unit is determined based on the capital allocated to the reporting unit. The estimated fair value of the reporting units is derived based on valuation techniques we believe market participants would use for each of the reporting units. The estimated fair value is generally determined by utilizing a discounted cash flow methodology. In certain instances, we may also utilize methodologies that incorporate price-to-book and price-to-earnings multiples of comparable companies.

The discounted cash flow methodology uses projected future cash flows based on the reporting units' earnings forecast. The discount rate used represents an estimate of the cost of equity for that reporting unit based on the Capital Asset Pricing Model.

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At each annual goodwill impairment testing date, each of our reporting units with goodwill had a fair value that was substantially in excess of its carrying value.

Intangible Assets

Intangible assets are initially recorded at cost, or in the situation where acquired as part of a business combination, at the fair value determined as part of the acquisition method of accounting. Subsequently, amortizable intangible assets are carried in the balance sheet at amortized cost, where amortization is recognized over their estimated useful lives. Indefinite lived Indefinite-lived intangible assets are not amortized but are tested for impairment on an annual basis as of July 1 and on an interim basis when certain events or circumstances exist.

On a quarterly basis:

- All intangible assets are assessed for the presence of impairment indicators. Where such indicators are present, an evaluation for impairment is conducted.
- For amortizable intangible assets, an impairment loss exists if the carrying amount of the intangible asset is not recoverable and exceeds its fair value. The carrying amount of the intangible asset is not recoverable if it exceeds the sum of the expected undiscounted cash flows.
- For indefinite-lived intangible assets, an impairment exists if the carrying amount of the intangible asset exceeds its fair value.
- Amortizable intangible assets are assessed for any indication that the remaining useful life or the finite life classification should be revised. In such cases, the remaining carrying amount is amortized prospectively over the revised useful life, unless it is determined that the life of the intangible asset is indefinite, in which case the intangible asset is not amortized.
- Indefinite-lived intangible assets are assessed for any indication that the life of the intangible asset is no longer indefinite; in such cases, the carrying amount of the intangible asset is amortized prospectively over its remaining useful life.

See Notes 2 and 10 to the financial statements for additional information about goodwill and intangible assets.

Legal and Regulatory Contingencies

In the normal course of business, we have been named, from time to time, as a defendant in various legal actions, including arbitrations, class actions and other litigation, arising in connection with our activities as a global diversified financial services institution.

Certain of the actual or threatened legal actions include claims for substantial compensatory and/or punitive damages or claims for indeterminate amounts of damages. In some cases, the third-party entities that are, or would otherwise be, the primary defendants in such cases are bankrupt, in financial distress, or may not honor applicable indemnification obligations. These actions have included, but are not limited to, antitrust claims, claims under various false claims act statutes, and matters arising from our sales and trading businesses and our activities in the capital markets.

We are also involved, from time to time, in other reviews, investigations and proceedings (both formal and informal) by governmental and self-regulatory agencies regarding our business, and involving, among other matters, sales, trading, financing, prime brokerage, market-making activities, investment banking advisory services, capital markets activities, financial products or offerings sponsored, underwritten or sold by us, wealth and investment management services, and accounting and operational matters, certain of which may result in adverse judgments, settlements, fines, penalties, disgorgement, restitution, forfeiture, injunctions, limitations on our ability to conduct certain business, or other relief.

We contest liability and/or the amount of damages as appropriate in each pending matter. Where available information indicates that it is probable a liability had been incurred at the date of the financial statements and we can

The initial valuation of an intangible asset as part of the acquisition method of accounting and the subsequent valuation of intangible assets as part of an impairment assessment are subjective and based, in part, on inputs that are unobservable and can be subject to uncertainty. These inputs include, but are not limited to, forecasted cash flows, revenue growth rates, customer attrition rates and discount rates.

For both goodwill and intangible assets, to the extent an impairment loss is recognized, the loss establishes the new cost basis of the asset. Subsequent reversal of impairment losses is not permitted. For amortizable intangible assets, the new cost basis is amortized over the remaining useful life of that asset. Unanticipated declines in our revenue generating revenue-generating capability, adverse market or economic events, and regulatory actions, could result in material impairment charges in future periods.

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reasonably estimate the amount of that loss or the range of loss, we accrue an estimated loss by a charge to income.

In many legal proceedings and investigations, it is inherently difficult to determine whether any loss is probable or reasonably possible, or to estimate the amount of any loss. In addition, even where we have determined that a loss is probable or reasonably possible, or an exposure to loss or range of loss exists in excess of the liability already accrued with respect to a previously recognized loss contingency, we are often unable to reasonably estimate the amount of the loss or range of loss. It is particularly difficult to determine if a loss is probable or reasonably possible, or to estimate the amount of loss, where the factual record is being developed or contested or where plaintiffs or government entities seek substantial or indeterminate damages, restitution, forfeiture, disgorgement or penalties. Numerous issues may need to be resolved in an investigation or proceeding before a determination can be made that a loss or additional loss (or

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range of loss or range of additional loss) is probable or reasonably possible, or to estimate the amount of loss, including through potentially lengthy discovery or determination of important factual matters, determination of issues related to class certification, the calculation of damages or other relief, and consideration of novel or unsettled legal questions relevant to the proceedings or investigations in question.

Significant judgment is required in deciding when and if to make these accruals, and the actual cost of a legal claim or regulatory fine/penalty may ultimately be materially different from the recorded accruals.

See Note 14 to the financial statements for additional information on legal contingencies.

Income Taxes

We are subject to the income tax laws of the U.S., its states and municipalities and those of the foreign jurisdictions in which we have business operations. These tax laws are complex and subject to interpretation by the taxpayer and the relevant governmental taxing authorities. We must make judgments and interpretations about the application of these inherently complex tax laws and make estimates about certain items affecting taxable income when determining the provision for income taxes in the various tax jurisdictions.

Disputes over interpretations of the tax laws may be settled with the taxing authority upon examination or audit. We periodically evaluate the likelihood of assessments in each taxing jurisdiction resulting from current and subsequent years' examinations, and unrecognized tax benefits related to potential losses that may arise from tax audits are established in accordance with the relevant accounting guidance. Once established, unrecognized tax benefits are adjusted when there is more information available or when an event occurs requiring a change.

strategies that may be available to tax attribute carryforwards before they expire.

Once the deferred tax asset balances have been determined, we may record a valuation allowance against the deferred tax asset balances to reflect the amount we estimate is more likely than not to be realized at a future date. Both current and deferred income taxes may reflect adjustments related to our unrecognized tax benefits.

Significant judgment is required in estimating the consolidated provision for (benefit from) income taxes, current and deferred tax balances (including valuation allowance, if any), accrued interest or penalties and uncertain tax positions. Revisions in estimates and/or the actual costs of a tax assessment may ultimately be materially different from the recorded accruals and unrecognized tax benefits, if any.

See Note 2 to the financial statements for additional information on our significant assumptions, judgments and interpretations associated with the accounting for income taxes and Note 21 to the financial statements for additional information on our tax examinations.

Liquidity and Capital Resources

Our liquidity and capital policies are established and maintained by senior management, with oversight by the Asset/Liability Management Committee and the Board, our Board of Directors ("Board"). Through various risk and control committees, senior management reviews business performance relative to these policies, monitors the availability of alternative sources of financing, and oversees the liquidity, interest rate and currency sensitivity of our asset and liability position. Our Corporate Treasury department ("Treasury"), Firm Risk Committee, Asset/Liability Management Committee, and other committees and control groups assist in evaluating, monitoring and managing the impact that our business activities have on our balance sheet, liquidity and capital structure. Liquidity and capital matters are reported regularly to the Board and the BRC.

Our provision for income taxes is composed of current and deferred taxes. Current income taxes approximate taxes to be paid or refunded for the current period. Deferred income taxes reflect the net tax effects of temporary differences between the financial reporting and tax bases of assets and liabilities and are measured using the applicable enacted tax rates and laws that will be in effect when such differences are expected to reverse.

Our deferred tax balances may also include deferred assets related to tax attribute carryforwards, such as net operating losses and tax credits that will be realized through reduction of future tax liabilities and, in some cases, are subject to expiration if not utilized within certain periods. We perform regular reviews to ascertain whether deferred tax assets are realizable. These reviews include management's estimates and assumptions regarding future taxable income and incorporate various tax planning strategies, including

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Balance Sheet

We monitor and evaluate the composition and size of our balance sheet on a regular basis. Our balance sheet management process includes quarterly planning, business-specific thresholds, monitoring of business-specific usage versus key performance metrics and new business impact assessments.

We establish balance sheet thresholds at the consolidated and business segment levels. We monitor balance sheet utilization and review variances resulting from business activity and market fluctuations. On a regular basis, we review current performance versus established thresholds and assess the need to re-allocate our balance sheet based on business segment needs. We also monitor key metrics, including asset and liability size and capital usage.

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Total Assets by Business Segment

\$ in millions	At December 31, 2023				At December 31, 2024					
	\$ in millions	IS	WM	IM	Total	\$ in millions	IS	WM	IM	Total
Assets										
Cash and cash equivalents										
Cash and cash equivalents										
Cash and cash equivalents										
Trading assets at fair value										
Investment securities										
Securities purchased under agreements to resell										
Securities borrowed										
Customer and other receivables										
Loans ¹										
Goodwill										
Intangible assets										
Other assets ²										
Total assets										
		At December 31, 2022				At December 31, 2023				
\$ in millions	\$ in millions	IS	WM	IM	Total	\$ in millions	IS	WM	IM	Total
Assets										
Cash and cash equivalents										
Cash and cash equivalents										
Cash and cash equivalents										
Trading assets at fair value										
Investment securities										
Securities purchased under agreements to resell										
Securities borrowed										
Customer and other receivables										
Loans ¹										
Goodwill										
Intangible assets										
Other assets ²										

Total assets

1. Amounts include loans held for investment, net of ACL, and loans held for sale but exclude loans at fair value, which are included in Trading assets in the balance sheet (see Note 9 to the financial statements).
2. Other assets primarily includes premises, equipment and software, ROU assets related to leases, other investments and deferred tax assets.

A substantial portion of total assets consists of cash and cash equivalents, liquid marketable securities and short-term receivables. In the Institutional Securities business segment, these arise from market-making, financing and prime brokerage activities, and in the Wealth Management business segment, these arise from banking activities, including management of the investment portfolio. **Total assets of**

\$1,194 billion at December 31, 2023 were relatively unchanged from \$1,180 billion at December 31, 2022.

Liquidity Risk Management Framework

The primary goal of our Liquidity Risk Management Framework is to ensure that we have access to adequate funding across a wide range of market conditions and time horizons. The framework is designed to enable us to fulfill our financial obligations and support the execution of our business strategies.

The following principles guide our Liquidity Risk Management Framework:

- Sufficient liquidity resources, which consist of HQLA and cash deposits with banks ("Liquidity Resources") should be maintained to cover maturing liabilities and other planned and contingent outflows;
- Maturity profile of assets and liabilities should be aligned, with limited reliance on short-term funding;
- Source, counterparty, currency, region and term of funding should be diversified; and
- Liquidity Stress Tests should anticipate, and account for, periods of limited access to funding.

The core components of our Liquidity Risk Management Framework are the Required Liquidity Framework, Liquidity Stress Tests and Liquidity Resources, which support our target liquidity profile.

Required Liquidity Framework

Our Required Liquidity Framework establishes the amount of liquidity we must hold in both normal and stressed environments to ensure that our financial condition and overall soundness are not adversely affected by an inability (or perceived inability) to meet our financial obligations in a timely manner. The Required Liquidity Framework considers the most constraining liquidity requirement to satisfy all regulatory and internal limits at a consolidated and legal entity level.

Liquidity Stress Tests

We use Liquidity Stress Tests to model external and intercompany liquidity flows across multiple scenarios and a range of time horizons. These scenarios contain various combinations of idiosyncratic and systemic stress events of different severity and duration. The methodology, implementation, production and analysis of our Liquidity Stress Tests are important components of the Required Liquidity Framework.

The assumptions used in our various Liquidity Stress Test scenarios include, but are not limited to, the following:

- No government support;
- No access to equity and limited access to unsecured debt markets;

- Repayment of all unsecured debt maturing within the stress horizon;
- Higher haircuts for and significantly lower availability of secured funding;
- Additional collateral that would be required by trading counterparties, certain exchanges and clearing organizations related to credit rating downgrades;
- Additional collateral that would be required due to collateral substitutions, collateral disputes and uncalled collateral;
- Discretionary unsecured debt buybacks;
- Drawdowns on lending commitments provided to third parties; and
- Client cash withdrawals and reduction in customer short positions that fund long positions.

Liquidity Stress Tests are produced and results are reported at different levels, including major operating subsidiaries and major currencies, to capture specific cash requirements and cash availability across the Firm, including a limited number of asset sales in a stressed environment. The Liquidity Stress

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Tests assume that subsidiaries will use their own liquidity first to fund their obligations before drawing liquidity from the Parent Company and that the Parent Company will support its subsidiaries and will not have access to subsidiaries’ liquidity reserves. In addition to the assumptions underpinning the Liquidity Stress Tests, we take into consideration settlement risk related to intraday settlement and clearing of securities and financing activities.

At **December 31, 2023**, **December 31, 2024** and **December 31, 2022**, **December 31, 2023**, we maintained sufficient Liquidity Resources to meet current and contingent funding obligations as modeled in our Liquidity Stress Tests.

Liquidity Resources

We maintain sufficient liquidity resources, which consist of HQLA and cash deposits with banks (“Liquidity Resources Resources”), to cover daily funding needs and to meet strategic liquidity targets sized by the Required Liquidity Framework and Liquidity Stress Tests. We actively manage the amount of our Liquidity Resources considering the following components: unsecured debt maturity profile; balance sheet size and composition; funding needs in a stressed environment, inclusive of contingent cash outflows; legal entity, regional and segment liquidity requirements; regulatory requirements; and collateral requirements.

The amount of Liquidity Resources we hold is based on our risk appetite and is calibrated to meet various internal and regulatory requirements and to fund prospective business activities. The Liquidity Resources are primarily held within the Parent Company and its major operating subsidiaries. The Total HQLA values in the tables immediately following are different from Eligible HQLA, which, in accordance with the LCR rule, also takes into account certain regulatory weightings and other operational considerations.

1. HQLA is presented prior to applying weightings and includes all HQLA held in subsidiaries.
 2. Primarily composed of unencumbered French, U.K., Japanese, U.K., Italian, German, and Spanish government obligations.

Liquidity Resources by Type of Investment

	Average Daily Balance		Three Months Ended			
	\$ in millions	December 31, 2023	September 30, 2023	\$ in millions	December 31, 2024	September 30, 2024
Cash deposits with central banks						
Unencumbered HQLA securities:						
U.S. government obligations						
U.S. government obligations						
U.S. government obligations						
U.S. agency and agency mortgage-backed securities						
Non-U.S. sovereign obligations ²						
Other investment grade securities						
Total HQLA:						
Cash deposits with banks (non-HQLA)						
Total Liquidity Resources						

Liquidity Resources by Bank Non-Bank and Non-Bank Bank Legal Entities

	Average Daily Balance						
	Three Months Ended						
	\$ in millions	\$ in millions	December 31, 2023	September 30, 2023	\$ in millions	December 31, 2024	September 30, 2024
Bank legal entities							
U.S.							
U.S.							
U.S.							
Non-U.S.							
Total Bank legal entities							
Non-Bank legal entities							
U.S.:							
U.S.:							
U.S.:							
Parent Company							
Parent Company							
Parent Company							
Non-Parent Company							
Total U.S.							
Non-U.S.							
Total Non-Bank legal entities							
Bank legal entities							
U.S.							
U.S.							
U.S.							
Non-U.S.							
Total Bank legal entities							
Total Liquidity Resources							

Liquidity Resources may fluctuate from period to period based on the overall size and composition of our balance sheet, the maturity profile of our unsecured debt, and estimates of funding needs in a stressed environment, among other factors.

Regulatory Liquidity Framework

Liquidity Coverage Ratio and Net Stable Funding Ratio

We and our U.S. Bank Subsidiaries are required to maintain a minimum LCR and NSFR of 100%.

The LCR rule requires large banking organizations to have sufficient Eligible HQLA to cover net cash outflows arising from significant stress over 30 calendar days, thus promoting the short-term resilience of the liquidity risk profile of banking organizations. In determining Eligible HQLA for LCR purposes, weightings (or asset haircuts) are applied to HQLA, and certain HQLA held in subsidiaries is excluded.

The NSFR rule requires large banking organizations to maintain an amount of available stable funding, which is their regulatory capital and liabilities subject to standardized weightings, equal to or greater than their required stable funding, which is their projected minimum funding needs, over a one-year time horizon.

As of December 31, 2024, we and our U.S. Bank Subsidiaries are compliant with the minimum LCR and NSFR requirements of 100%.

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funding, which is their projected minimum funding needs, over a one-year time horizon.

As of December 31, 2023, we and our U.S. Bank Subsidiaries are compliant with the minimum LCR and NSFR requirements of 100%.

Liquidity Coverage Ratio

\$ in millions	Average Daily Balance Three Months Ended				Average Daily Balance Three Months Ended			
	\$ in millions		\$ in millions		\$ in millions		\$ in millions	
	December 31, 2023	September 30, 2023	December 31, 2023	September 30, 2023	December 31, 2024	September 30, 2024	December 31, 2024	September 30, 2024
Eligible HQLA ₁								
Eligible HQLA								
Cash deposits with central banks								
Securities ₂								
Total Eligible HQLA ₁								
Securities ₁								
Total Eligible HQLA								
Net cash outflows								
LCR	LCR	129 %	127 %	LCR	130 %	134 %		

1. Under the LCR rule, Eligible HQLA is calculated using weightings and excluding certain HQLA held in subsidiaries.

2. Primarily includes U.S. Treasuries, U.S. agency mortgage-backed securities, sovereign bonds and investment grade corporate bonds.

Net Stable Funding Ratio

\$ in millions	Average Daily Balance Three Months Ended					
	\$ in millions		\$ in millions			
	December 31, 2023	September 30, 2023	December 31, 2024	September 30, 2024		
Available stable funding						
Required stable funding						
NSFR	NSFR	120 %	118 %	NSFR	122 %	122 %

Funding Management

We manage our funding in a manner that reduces the risk of disruption to our operations. We pursue a strategy of diversification of secured and unsecured funding sources (by product, investor and region) and attempt to ensure that the tenor of our liabilities equals or exceeds the expected holding period of the assets being financed. Our goal is to achieve an optimal mix of durable secured and unsecured financing.

We fund our balance sheet on a global basis through diverse sources. These sources include our equity capital, borrowings, bank notes, securities sold under agreements to repurchase, securities lending, deposits, letters of credit and lines of credit. We have active financing programs for both standard and structured products targeting global investors and currencies.

Treasury allocates interest expense to our businesses based on the tenor and interest rate profile of the assets being funded. Treasury similarly allocates interest income to businesses carrying deposit products and other liabilities across the businesses based on the characteristics of those deposits and other liabilities.

Secured Financing

The liquid nature of the marketable securities and short-term receivables arising principally from sales and trading activities in the Institutional Securities business segment

provides us with flexibility in managing the composition of our balance sheet. Secured financing investors principally focus on the quality of the eligible collateral posted. Accordingly, we actively manage our secured financings based on the quality of the assets being funded.

We have established longer-tenor secured funding requirements for less liquid asset classes, for which funding

may be at risk in the event of a market disruption. We define highly liquid assets as government-issued or government-guaranteed securities with a high degree of fundability and less liquid assets as those that do not meet these criteria.

To further minimize the refinancing risk of secured financing for less liquid assets, we have established concentration limits to diversify our investor base and reduce the amount of monthly maturities for secured financing of less liquid assets. As a component of the Liquidity Risk Management Framework, we hold a portion of our Liquidity Resources against the potential disruption to our secured financing capabilities.

In general, we maintain a pool of liquid and easily fundable securities, which takes into account HQLA classifications consistent with LCR definitions, and other regulatory requirements, and provides a valuable future source of liquidity.

Collateralized Financing Transactions

\$ in millions	At	
	December 31, 2023	December 31, 2022
Securities purchased under agreements to resell and Securities borrowed	\$ 231,831	\$ 247,281
Securities sold under agreements to repurchase and Securities loaned	\$ 77,708	\$ 78,213
Securities received as collateral:	\$ 6,219	\$ 9,954

\$ in millions	Average Daily Balance Three Months Ended		At	
	December 31, 2023	December 31, 2022	December 31, 2024	December 31, 2023
Securities purchased under agreements to resell and Securities borrowed				
Securities sold under agreements to repurchase and Securities loaned				
Securities received as collateral:				

1. Included within Trading assets in the balance sheet.

\$ in millions	Average Daily Balance Three Months Ended	
	December 31, 2024	December 31, 2023
Securities purchased under agreements to resell and Securities borrowed	\$ 250,354	\$ 235,928
Securities sold under agreements to repurchase and Securities loaned	\$ 74,949	\$ 87,285

See "Total Assets by Business Segment" herein for additional information on the assets shown in the previous table and Notes 2 and 8 to the financial statements for additional information on collateralized financing transactions.

In addition to the collateralized financing transactions shown in the previous table, we engage in financing transactions collateralized by customer-owned securities, which are segregated in accordance with regulatory requirements. Receivables under these financing transactions, primarily margin loans, are included in Customer and other receivables in the balance sheet, and payables under these financing transactions, primarily to prime brokerage customers, are included in Customer and other payables in the balance sheet. Our risk exposure on these transactions is mitigated by

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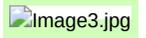


collateral maintenance policies and the elements of our Liquidity Risk Management Framework.

Unsecured Financing

We view deposits and borrowings as stable sources of funding for unencumbered securities and non-security assets. Our unsecured financings include borrowings and certificates of

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deposit carried at fair value, which are primarily composed of: instruments whose payments and redemption values are linked to the performance of a specific index, a basket of stocks, a specific equity security, a commodity, a credit exposure or basket of credit exposures; and instruments with various interest rate-related features, including step-ups, step-downs and zero coupons. Also included are unsecured contracts that are not classified as OTC derivatives because they fail initial net investment criteria. As part of our asset/liability management strategy, when appropriate, we use derivatives to make adjustments to the interest rate risk profile of our borrowings (see Notes 6 and 13 to the financial statements).

Deposits

	At		At		At		At	
	December 31, 2023		December 31, 2022		December 31, 2024		December 31, 2023	
\$ in millions	\$ in millions							
Savings and demand deposits:								
Brokerage sweep deposits:								
Brokerage sweep deposits:								
Brokerage sweep deposits:								
Savings and other								
Total Savings and demand deposits								
Time deposits								
Total:								
Time deposits:								
Total:								

1. Amounts represent balances swept from client brokerage accounts.
2. As Our Time deposits are predominantly brokered certificates of December 31, 2023, there were no off-balance sheet amounts excluded from deposits. As of December 31, 2022, approximately \$6 billion of off-balance sheet amounts were excluded from deposit.
3. Our deposits at unaffiliated financial institutions, are primarily held in U.S. offices.

Deposits are primarily sourced from our Wealth Management clients and are considered to have stable, low-cost funding characteristics relative to other sources of funding. Each category of deposits presented above has a different cost profile and clients may respond differently to changes in interest rates and other macroeconomic conditions. The decrease in total Total deposits in 2023 was 2024 increased primarily driven due to increases in Savings and Time deposits, partially offset by a continued reduction in Brokerage sweep deposits, largely due to net outflows to alternative cash equivalent and other products, partially offset by an increase in Time deposits and Savings investment products.

Borrowings by Remaining Maturity at December 31, 2023 December 31, 2024:

\$ in millions	Parent			Parent				
	\$ in millions	Company	Subsidiaries	Total	\$ in millions	Company	Subsidiaries	Total
Original maturities of one year or less								
Original maturities greater than one year								
2024								
2025								
2026								
2027								
2028								
2029								
Thereafter								
Total greater than one year								
Total								

1. Original maturity in the table is generally based on contractual final maturity. For borrowings with put options, remaining maturity represents the earliest put date.

Borrowings of \$289 billion at December 31, 2024 increased when compared with \$264 billion at December 31, 2023 increased from \$238 billion at December 31, 2022, primarily due to issuances net of maturities and redemptions and mark-to-market adjustments on equity-linked borrowings driven by market factors, redemptions.

We believe that accessing debt investors through multiple distribution channels helps provide consistent access to the unsecured markets. In addition, the issuance of borrowings with original maturities greater than one year allows us to reduce reliance on short-term credit-sensitive instruments. Borrowings with original maturities greater than one year are generally managed to achieve staggered maturities, thereby mitigating refinancing risk, and to maximize investor diversification through sales to global institutional and retail clients across regions, currencies and product types.

The availability and cost of financing to us can vary depending on market conditions, the volume of certain trading and lending activities, our credit ratings and the overall availability of credit. We also engage in, and may continue to engage in, repurchases of our borrowings as part of our market-making activities.

For further information on Borrowings, see Note 13 to the financial statements.

Credit Ratings

We rely on external sources to finance a significant portion of our daily operations. Our credit ratings are one of the factors in the cost and availability of financing and can have an impact on certain trading revenues, particularly in those businesses where longer-term counterparty performance is a key consideration, such as certain OTC derivative transactions. When determining credit ratings, rating agencies consider both company-specific and industry-wide factors. See also "Risk Factors—Liquidity Risk."

Management's Discussion and Analysis



Parent Company and U.S. Bank Subsidiaries Issuer Ratings at **February 16, 2024** **February 14, 2025**

Parent Company			
	Short-Term Debt	Long-Term Debt	Rating Outlook
DBRS, Inc.	R-1 (middle)	A (high)	Stable Positive
Fitch Ratings, Inc.	F1	A+	Stable
Moody's Investors Service, Inc.	P-1	A1	Stable
Rating and Investment Information, Inc.	a-1	A+	Stable
S&P Global Ratings	A-2	A-	Stable

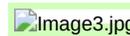
MSBNA			
	Short-Term Debt	Long-Term Debt	Rating Outlook
Fitch Ratings, Inc.	F1+	AA-	Stable
Moody's Investors Service, Inc.	P-1	Aa3	Stable
S&P Global Ratings	A-1	A+	Stable

MSPBNA			
	Short-Term Debt	Long-Term Debt	Rating Outlook
Moody's Investors Service, Inc.	P-1	Aa3	Stable
S&P Global Ratings	A-1	A+	Stable

Incremental Collateral or Terminating Payments

In connection with certain OTC derivatives and certain other agreements where we are a liquidity provider to certain financing vehicles associated with the Institutional Securities

Management's Discussion and Analysis



business segment, we may be required to provide additional collateral, immediately settle any outstanding liability balances with certain counterparties or pledge additional collateral to certain clearing organizations in the event of a future credit rating downgrade irrespective of whether we are in a net asset or net liability position. See Note 6 to the financial statements for additional information on OTC derivatives that contain such contingent features.

While certain aspects of a credit rating downgrade are quantifiable pursuant to contractual provisions, the impact it would have on our business and results of operations in future periods is inherently uncertain and would depend on a number of interrelated factors, including, among other things, the magnitude of the downgrade, the rating relative to peers, the rating assigned by the relevant agency before the downgrade, individual client behavior and future mitigating actions we might take. The liquidity impact of additional collateral requirements is included in our Liquidity Stress Tests.

Capital Management

We view capital as an important source of financial strength and actively manage our consolidated capital position based upon, among other things, business opportunities, risks, capital availability and rates of return together with internal capital policies, regulatory requirements, such as the SCB, and rating agency guidelines. In the future, we may expand or contract our capital base to address the changing needs of our businesses.

For additional information on our common stock repurchases, see "Liquidity and Capital Resources—Regulatory Requirements—Capital Plans, Stress Tests and the Stress Capital Buffer" herein and Note 17 to the financial statements.

Common Stock Repurchases

<i>in millions, except for per share data</i>	<i>in millions, except for per share data</i>	<i>in millions, except for per share data</i>
	2023 2022 2021	2024 2023 2022
Number of shares		
Average price per share		
Total		

For a description of our capital plan, see “Liquidity and Capital Resources—Regulatory Requirements—Capital Plans, Stress Tests and the Stress Capital Buffer” herein.

Common Stock Dividend Announcement

Announcement date	January 16, 2024 2025
Amount per share	\$0.85 0.925
Date paid	February 15, 2024 14, 2025
Shareholders of record as of	January 31, 2024 2025

For additional information on our common stock dividends, see “Liquidity and Capital Resources—Regulatory Requirements—Capital Plans, Stress Tests and the Stress Capital Buffer” herein.

For additional information on our common stock and information on our preferred stock, see Note 17 to the financial statements.

Off-Balance Sheet Arrangements

We enter into various off-balance sheet arrangements, including through unconsolidated SPEs and lending-related financial instruments (e.g., guarantees and commitments), primarily in connection with the Institutional Securities and Investment Management business segments.

We utilize SPEs primarily in connection with securitization activities. For information on our securitization activities, see Note 15 to the financial statements.

For information on our commitments, obligations under certain guarantee arrangements and indemnities, see Note 14 to the financial statements. For a further discussion of our lending commitments, see “Quantitative and Qualitative Disclosures about Risk—Credit Risk—Loans and Lending Commitments” herein.

Regulatory Requirements

Regulatory Capital Framework

We are an FHC under the BHC Act and are subject to the regulation and oversight of the Federal Reserve. The Federal Reserve establishes capital requirements for us, including “well-capitalized” standards, and evaluates our compliance with such capital requirements. The OCC establishes similar capital requirements and standards for our U.S. Bank

Management’s Discussion and Analysis



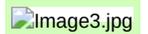
Subsidiaries. The regulatory capital requirements are largely based on the Basel III capital standards established by the Basel Committee and also implement certain provisions of the Dodd-Frank Act. For us to remain an FHC, we must remain well-capitalized in accordance with standards established by the Federal Reserve, and our U.S. Bank Subsidiaries must remain well-capitalized in accordance with standards established by the OCC. In addition, many of our regulated subsidiaries are subject to regulatory capital requirements, including regulated subsidiaries registered as swap dealers with the CFTC or conditionally registered as security-based swap dealers with the SEC or registered as broker-dealers or futures commission merchants. For additional information on regulatory capital requirements for our U.S. Bank Subsidiaries, as well as our subsidiaries that are swap entities, see Note 16 to the financial statements.

Regulatory Capital Requirements

We are required to maintain minimum risk-based and leverage-based capital and TLAC ratios. For additional information on TLAC, see "Total Loss-Absorbing Capacity, Long-Term Debt and Clean Holding Company Requirements" herein.

Risk-Based Regulatory Capital. Risk-based capital ratio requirements apply to Common Equity Tier 1 ("CET1")

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capital, Tier 1 capital and Total capital (which includes Tier 2 capital), each as a percentage of RWA, and consist of regulatory minimum required ratios plus our capital buffer requirement. Capital requirements require certain adjustments to, and deductions from, capital for purposes of determining these ratios.

Capital Buffer Requirements

	At December 31, 2023
	At December 31, 2023
	At December 31, 2023
	At December 31, 2024
	At December 31, 2024
	At December 31, 2024

	Standardized
	Standardized
	Standardized

Capital buffers

Capital buffers

Capital buffers

Capital conservation buffer

Capital conservation buffer

Capital conservation buffer

SCB₁

SCB₁

SCB₁

G-SIB capital surcharge₂

G-SIB capital surcharge₂

G-SIB capital surcharge₂

G-SIB capital surcharge₂

CCyB₃

CCyB₃

CCyB₃

Capital buffer requirement

Capital buffer requirement

Capital buffer requirement

Capital buffer requirement

1. For additional information on the SCB, see "Capital Plans, Stress Tests and the Stress Capital Buffer" herein.

2. For a further discussion of the G-SIB capital surcharge, see "G-SIB Capital Surcharge" herein.

3. The CCyB can be set up to 2.5% but is currently set by the Federal Reserve at zero.

The capital buffer requirement represents the amount of **Common Equity Tier 1 CET1** capital we must maintain above the minimum risk-based capital requirements in order to avoid restrictions on our ability to make capital distributions, including the payment of dividends and the repurchase of stock, and to pay discretionary bonuses to executive officers. Our capital buffer requirement computed under the standardized approaches for calculating credit risk and market RWAs ("Standardized Approach") is equal to the sum of our SCB, G-SIB capital surcharge and CCyB, and our capital

buffer requirement computed under the applicable advanced approaches for calculating credit risk, market risk and operational risk RWAs ("Advanced Approach") is equal to our 2.5% capital conservation buffer, G-SIB capital surcharge and CCyB.

Risk-Based Regulatory Capital Ratio Requirements

	Regulatory Minimum	Standardized	Regulatory Minimum	Standardized	At December 31, 2023	At December 31, 2022	At December 31, 2023 and December 31, 2022	Advanced	Regulatory Minimum	Standardized
Required ratios:										
Common Equity Tier 1 capital ratio										
Common Equity Tier 1 capital ratio										
Common Equity Tier 1 capital ratio					4.5 %	12.9 %	13.3 %	10.0 %		
CET1 capital ratio										
CET1 capital ratio										
CET1 capital ratio					4.5 %	13.5 %	12.9 %	10.0 %		
Tier 1 capital ratio										
Tier 1 capital ratio					6.0 %	14.4 %	14.8 %	11.5 %		
Tier 1 capital ratio									6.0 %	15.0 %
Tier 1 capital ratio									14.4 %	11.5 %
Total capital ratio					8.0 %	16.4 %	16.8 %	13.5 %		
Total capital ratio									8.0 %	17.0 %
Total capital ratio									16.4 %	13.5 %

1. Required ratios represent the regulatory minimum plus the capital buffer requirement.

Risk-Weighted Assets. RWA reflects both our on- and off-balance sheet risk, as well as capital charges attributable to the risk of loss arising from the following:

- Credit risk: The failure of a borrower, counterparty or issuer to meet its financial obligations to us;
- Market risk: Adverse changes in the level of one or more market prices, rates, spreads, indices, volatilities, correlations or other market factors, such as market liquidity; and
- Operational risk: Inadequate or failed processes or systems, from human factors or from external events (e.g., fraud, theft, legal and compliance risks, cyber attacks or damage to physical assets).

Our risk-based capital ratios are computed under each of (i) the Standardized Approach and (ii) the Advanced Approach. The credit risk RWA calculations between the two approaches differ in that the Standardized Approach requires calculation of RWA using prescribed risk weights and exposure methodologies, whereas the Advanced Approach utilizes models to calculate exposure amounts and risk weights. At **December 31, 2023** **December 31, 2024** and **December 31, 2022** **December 31, 2023**, the differences between the actual and required ratios were lower under the Standardized Approach.

Leverage-Based Regulatory Capital. Leverage-based capital requirements include a minimum Tier 1 leverage ratio of 4%, a minimum SLR of 3% and an enhanced SLR capital buffer of at least 2%.

CECL Deferral. Beginning on January 1, 2020, we elected to defer the effect of the adoption of CECL on our risk-based and leverage-based capital amounts and ratios, as well as our RWA, adjusted average assets and supplementary leverage exposure calculations, over a five-year transition period. The deferral impacts began to phase in at 25% per year from January 1, 2022 and **are were** phased-in at **50%** **75%** from **January 1, 2023** **January 1, 2024**. The deferral impacts **will become were** fully phased-in **beginning on from** January 1, 2025.

December **2023** **2024** Form 10-K

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Regulatory Capital Ratios

\$ in millions	Required Ratio:	At December 31, 2023	Required Ratio:	At December 31, 2022
Risk-based capital—				
Standardized				
Common Equity Tier 1 capital		\$ 69,448		\$ 68,670
Tier 1 capital		78,183		77,191
Total capital		88,874		86,575
Total RWA		456,053		447,849
Common Equity Tier 1 capital ratio	12.9 %	15.2 %	13.3 %	15.3 %
Tier 1 capital ratio	14.4 %	17.1 %	14.8 %	17.2 %
Total capital ratio	16.4 %	19.5 %	16.8 %	19.3 %

Risk-based capital

\$ in millions	Required Ratio:	At December 31, 2023	At December 31, 2022
Risk-based capital—			
Advanced			
Common Equity Tier 1 capital		\$ 69,448	\$ 68,670
Tier 1 capital		78,183	77,191
Total capital		88,190	86,159
Total RWA		448,154	438,806
Common Equity Tier 1 capital ratio	10.0 %	15.5 %	15.6 %

Regulatory Capital

\$ in millions

\$ in millions

	At December 31, 2023	At December 31, 2022	Change	At December 31, 2024	At December 31, 2023	Change
Common Equity Tier 1 capital						
CET1 capital						
Common shareholders' equity						
Common shareholders' equity						
Common shareholders' equity						
Regulatory adjustments and deductions:						
Regulatory adjustments and deductions:						
Regulatory adjustments and deductions:						
Net goodwill						
Net goodwill						
Net goodwill						
Net intangible assets						
Impact of CECL transition						
Other adjustments and deductions:						
Total Common Equity Tier 1						

Tier 1 capital ratio	11.5 %	17.4 %	17.6 %
Total capital ratio	13.5 %	19.7 %	19.6 %
<i>\$ in millions</i>	Required Ratio ¹	At December 31, 2023	At December 31, 2022
Leverage-based capital			
Adjusted average assets ²	\$	1,159,626	\$ 1,150,772
Tier 1 leverage ratio	4.0 %	6.7 %	6.7 %
Supplementary leverage exposure ³	\$	1,429,552	\$ 1,399,403
SLR	5.0 %	5.5 %	5.5 %

<i>\$ in millions</i>	Standardized		Advanced	
	At December 31, 2024	At December 31, 2023	At December 31, 2024	At December 31, 2023
Risk-based capital				
CET1 capital	\$ 75,095	\$ 69,448	\$ 75,095	\$ 69,448
Tier 1 capital	84,790	78,183	84,790	78,183
Total capital	95,567	88,874	94,846	88,190
Total RWA	471,834	456,053	477,331	448,154
Risk-based capital ratios				
CET1 capital	15.9 %	15.2 %	15.7 %	15.5 %
Tier 1 capital	18.0 %	17.1 %	17.8 %	17.4 %
Total capital	20.3 %	19.5 %	19.9 %	19.7 %
Required ratios¹				
CET1 capital	13.5 %	12.9 %	10.0 %	10.0 %
Tier 1 capital	15.0 %	14.4 %	11.5 %	11.5 %
Total capital	17.0 %	16.4 %	13.5 %	13.5 %

1. Required ratios are inclusive of any buffers applicable as of the date presented.

<i>\$ in millions</i>	At December 31, 2024	At December 31, 2023
Leveraged-based capital		
Adjusted average assets ¹	\$ 1,223,779	\$ 1,159,626
Supplementary leverage exposure ²	1,517,687	1,429,552
Leveraged-based capital ratios		
Tier 1 leverage	6.9 %	6.7 %
SLR	5.6 %	5.5 %
Required ratios³		
Tier 1 leverage	4.0 %	4.0 %
SLR	5.0 %	5.0 %

2. 1. Adjusted average assets represents the denominator of the Tier 1 leverage ratio and is composed of the average daily balance of consolidated on-balance sheet assets for the quarters ending on the respective balance sheet dates, reduced by disallowed goodwill, intangible assets, investments in covered funds, defined benefit pension plan assets, after-tax gain on sale from assets sold into securitizations, investments in our own capital instruments, certain deferred tax assets and other capital deductions.

2. 2. Supplementary leverage exposure is the sum of Adjusted average assets used in the Tier 1 leverage ratio and other adjustments, primarily: (i) for derivatives, potential future exposure and the effective notional principal amount of sold credit protection offset by qualifying purchased credit protection; (ii) the counterparty credit risk for repo-style transactions; and (iii) the credit equivalent amount for off-balance sheet exposures.

3. Required ratios are inclusive of any buffers applicable as of the date presented.

1. Other adjustments and deductions used in the calculation of **Common Equity Tier 1 (CET1)** capital primarily includes net after-tax DVA, the credit spread premium over risk-free rate for derivative liabilities, defined benefit pension plan assets, after-tax gain on sale from assets sold into securitizations, investments in our own capital instruments and certain deferred tax assets.

capital
Total CET1 capital
Additional Tier 1 capital
Preferred stock
Preferred stock
Preferred stock
Noncontrolling interests
Additional Tier 1 capital
Deduction for investments in covered funds
Total Tier 1 capital
Standardized Tier 2 capital
Subordinated debt
Subordinated debt
Subordinated debt
Eligible ACL
Eligible ACL
Eligible ACL
Other adjustments and deductions
Total Standardized Tier 2 capital
Total Standardized capital
Advanced Tier 2 capital
Subordinated debt
Subordinated debt
Subordinated debt
Eligible credit reserves
Eligible credit reserves
Eligible credit reserves
Other adjustments and deductions
Total Advanced Tier 2 capital
Total Advanced capital

Management’s Discussion and Analysis



RWA Rollforward

\$ in millions \$ in millions Standardized Advanced \$ in millions Standardized Advanced

Credit risk RWA

Balance at December 31, 2022	
Balance at December 31, 2022	
Balance at December 31, 2022	
Balance at December 31, 2023	
Balance at December 31, 2023	
Balance at December 31, 2023	

Change related to the following items:

- Derivatives
- Derivatives
- Derivatives
- Securities financing transactions
- Investment securities
- Commitments, guarantees and loans
- Equity investments
- Other credit risk

Total change in credit risk RWA

Balance at December 31, 2024

Market risk RWA

Balance at December 31, 2023

Market risk RWA	
Balance at December 31, 2022	
Balance at December 31, 2022	
Balance at December 31, 2022	
Balance at December 31, 2023	
Balance at December 31, 2023	

Change related to the following items:

- Regulatory VaR
- Regulatory VaR
- Regulatory VaR
- Regulatory stressed VaR
- Incremental risk charge
- Comprehensive risk measure
- Specific risk

Total change in market risk RWA

Total change in market risk RWA

Total change in market risk RWA

Balance at December 31, 2024

Operational risk RWA

Balance at December 31, 2023

Operational risk RWA	
Balance at December 31, 2022	
Balance at December 31, 2022	
Balance at December 31, 2022	
Balance at December 31, 2023	
Balance at December 31, 2023	
Change in operational risk RWA	
Balance at December 31, 2023	
Balance at December 31, 2024	
Total RWA	
Regulatory VaR—VaR for regulatory capital requirements	

In 2023, 2024, Credit risk RWA increased under both the Standardized and Advanced Approaches. Under the Standardized Approach, the increase was primarily driven by due to higher derivatives, higher securities Securities financing transactions, higher equity investments, growth in Corporate lending, as well as an increase in Other credit risk driven by higher deferred tax assets and securitizations. These increases were partially offset by decreases decreased exposure in lending activity, derivatives. Under the Advanced Approach, the increase was primarily driven by due to growth in Corporate lending, higher equity investments, higher derivatives, as well as increase in Other Derivatives driven by counterparty credit risk, driven and higher Securities financing transactions. These increases were partially offset by higher deferred tax assets and securitizations, decreased exposure in investment securities.

Market risk RWA decreased increased in 2023 2024 under both the Standardized and Advanced Approaches, primarily driven by higher charges on Specific risk and Incremental risk due to lower Regulatory VaR and stressed VaR driven by reductions in macro and commodities businesses, partially offset by higher Specific risk charges on securitization and non-securitization standardized charges, increased exposures.

The increase in Operational risk RWA in 2023 remained relatively unchanged. 2024 is related to legal expenses and execution losses.

G-SIB Capital Surcharge

We and other U.S. G-SIBs are subject to an additional risk-based capital surcharge, the G-SIB capital surcharge, which must be satisfied using Common Equity Tier 1 CET1 capital and which functions as an extension of the capital conservation buffer. The surcharge is calculated based on the G-SIB's size,

interconnectedness, cross-jurisdictional activity, and complexity and

substitutability ("Method 1") or use of short-term wholesale funding ("Method 2"), whichever is higher.

Total Loss-Absorbing Capacity, Long-Term Debt and Clean Holding Company Requirements

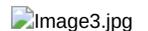
The Federal Reserve has established external TLAC, long-term debt ("LTD") and clean holding company requirements for top-tier BHCs of U.S. G-SIBs ("covered BHCs"), including the Parent Company. These requirements are designed to ensure that covered BHCs will have enough loss-absorbing resources at the point of failure to be recapitalized through the conversion of eligible LTD to equity or otherwise by imposing losses on eligible LTD or other forms of TLAC where an SPOE resolution strategy is used (see "Business—Supervision and Regulation—Financial Holding Company—Resolution and Recovery Planning" and "Risk Factors—Legal, Regulatory and Compliance Risk").

These TLAC and eligible LTD requirements include various restrictions, such as requiring eligible LTD to: be issued by the covered BHC; be unsecured; have a maturity of one year or more from the date of issuance; and not contain certain embedded features, such as a principal or redemption amount subject to reduction based on the performance of an asset, entity or index, or a similar feature. In addition, the requirements provide permanent grandfathering for debt instruments issued prior to December 31, 2016 that would be eligible LTD but for having impermissible acceleration clauses or being governed by foreign law.

A covered BHC is also required to maintain minimum external TLAC equal to the greater of (i) 18% of total RWA or (ii) 7.5% of its total leverage exposure (the denominator of its SLR). Covered BHCs must also meet a minimum external LTD requirement equal to the greater of (i) total RWA multiplied by the sum of 6% plus the higher of the Method 1 or Method 2 G-SIB capital surcharge applicable to the Parent Company or (ii) 4.5% of its total leverage exposure.

TLAC buffer requirements are imposed on top of both the risk-based and leverage exposure-based external TLAC minimum requirements. The risk-based TLAC buffer is equal to the sum of 2.5%, our Method 1 G-SIB surcharge and the CCyB, if any, as a percentage of total RWA. The leverage exposure-based TLAC buffer is equal to 2% of our total leverage exposure. Failure to maintain the buffers would result in restrictions on our ability to make capital distributions, including the payment of dividends and the repurchase of stock, and to pay discretionary bonuses to executive officers.

Management's Discussion and Analysis



Required and Actual TLAC and Eligible LTD Ratios

	Actual Amount/Ratio	Actual Amount/Ratio
--	---------------------	---------------------

\$ in millions

\$ in millions

	At December 31, 2023		At December 31, 2022		At December 31, 2024		At December 31, 2023	
	Regulatory Minimum	Required Ratio						

External TLAC:

	2023				2022				2024				2023			
External TLAC as a % of RWA	18.0 %	21.5 %	55.0 %	54.9 %	18.0 %	21.5 %	55.8 %	55.0 %	18.0 %	21.5 %	55.8 %	55.0 %	18.0 %	21.5 %	55.8 %	55.0 %

	2023				2022				2024				2023			
External TLAC as a % of leverage exposure	7.5 %	9.5 %	17.6 %	17.6 %	7.5 %	9.5 %	17.5 %	17.6 %	7.5 %	9.5 %	17.5 %	17.6 %	7.5 %	9.5 %	17.5 %	17.6 %

Eligible LTD:

	2023				2022				2024				2023			
Eligible LTD as a % of RWA	9.0 %	9.0 %	35.6 %	35.6 %	9.0 %	9.0 %	35.5 %	35.6 %	9.0 %	9.0 %	35.5 %	35.6 %	9.0 %	9.0 %	35.5 %	35.6 %

	2023				2022				2024				2023			
Eligible LTD as a % of leverage exposure	4.5 %	4.5 %	11.4 %	11.4 %	4.5 %	4.5 %	11.2 %	11.4 %	4.5 %	4.5 %	11.2 %	11.4 %	4.5 %	4.5 %	11.2 %	11.4 %

1. Required ratios are inclusive of applicable buffers.

2. External TLAC consists of **Common Equity Tier 1 CET1** capital and Additional Tier 1 capital (each excluding any noncontrolling minority interests), as well as eligible LTD.

3. Consists of TLAC-eligible LTD reduced by 50% for amounts of unpaid principal due to be paid in more than one year but less than two years from each respective balance sheet date.

Furthermore, under the clean holding company requirements, a covered BHC is prohibited from incurring any external debt with an original maturity of less than one year or certain other liabilities, regardless of whether the liabilities are fully secured or otherwise senior to eligible LTD, or entering into certain other prohibited transactions. Certain other external liabilities, including those with certain embedded features noted above, are subject to a cap equal to 5% of the covered BHC's outstanding external TLAC amount. Additionally, as of April 1, 2021, we and our U.S. Bank Subsidiaries are required to make certain deductions from regulatory capital for investments in certain unsecured debt instruments (including eligible LTD in the TLAC framework) issued by the Parent Company or other G-SIBs.

We are in compliance with all TLAC requirements as of **December 31, 2023**, **December 31, 2024** and **December 31, 2022**, **December 31, 2023**.

Capital Plans, Stress Tests and the Stress Capital Buffer

The Federal Reserve has capital planning and stress test requirements for large BHCs, which form part of the Federal Reserve's annual CCAR framework.

We must submit, on at least an annual basis, a capital plan to the Federal Reserve, taking into account the results of separate annual stress tests designed by us and the Federal Reserve, so that the Federal Reserve may assess our systems and processes that incorporate forward-looking projections of revenues and losses to monitor and maintain our internal capital adequacy. As banks with less than \$250 billion of total assets, our U.S. Bank Subsidiaries are not subject to company-run stress test regulatory requirements.

The capital plan must include a description of all planned capital actions over a nine-quarter planning horizon, including any issuance or redemption of a debt or equity capital instrument, any capital distribution ((i.e.), payments of dividends or stock repurchases) and any similar action that the Federal Reserve determines could impact our consolidated

capital. The capital plan must include a discussion of how we

will maintain capital above the minimum regulatory capital ratios and how we will serve as a source of strength to our U.S. Bank Subsidiaries under supervisory stress scenarios. In addition, the Federal Reserve has issued guidance setting out its heightened expectations for capital planning practices at certain large financial institutions, including us.

As part of its annual capital supervisory stress testing process, the Federal Reserve determines an SCB for each large BHC, including us. The SCB applies only with respect to Standardized Approach risk-based capital requirements and replaced the Common Equity Tier 1 CET1 capital conservation buffer of 2.5%. The SCB is the greater of (i) the maximum decline in our Common Equity Tier 1 capital ratio under the severely adverse scenario over the supervisory stress test measurement period plus the sum of the four quarters of planned common stock dividends divided by the projected RWAs from the quarter in which the Firm's projected Common Equity Tier 1 capital ratio reaches its minimum in the supervisory stress test and (ii) 2.5%.

The supervisory stress test assumes that BHCs generally maintain a constant level of assets and RWAs throughout the projection period.

A firm's SCB is subject to revision each year, taking effect from October 1 to reflect the results of the Federal Reserve's annual supervisory stress test. The Federal Reserve has discretion to recalculate a firm's SCB outside of the October 1 annual cycle and to require approval for certain actions, in some circumstances. The Federal Reserve also has the authority to impose restrictions on capital actions as a supervisory matter.

For the 2023 2024 capital planning and stress test cycle, we submitted our capital plan and company-run stress test results to the Federal Reserve on April 5, 2023 April 5, 2024. On June 28, 2023 June 26, 2024, the Federal Reserve published summary results of its supervisory stress tests of each large BHC, in which the projected decline in our Common Equity Tier 1 CET1 ratio in the severely adverse scenario improved increased from the prior annual supervisory stress test by 50 basis points, from 4.6% 4.1% to 4.1% 4.6%. Following the publication of the supervisory stress test results, and as a result of we announced that our SCB will be 6.0% from October 1, 2024 through September 30, 2025. In addition to the projected decline in our Common Equity Tier 1 ratio in the severely adverse scenario, our SCB reflects the increase in our common stock dividend and in the resulting dividend add-on, we announced that our SCB will be 5.4% from October 1, 2023 through September 30, 2024. add-on. Together with other features of the regulatory capital framework, this SCB results in an aggregate Standardized Approach Common Equity Tier 1 ratio of 12.9% 13.5%.

Generally, our SCB is determined annually based on the results of the supervisory stress test.

We also disclosed a summary of the results of our company-run stress tests on our Investor Relations website and increased our quarterly common stock dividend to \$0.85 \$0.925 per share from \$0.775, \$0.85, beginning with the common stock dividend announced on July 18, 2023 July 16, 2024. Additionally, our Board of Directors reauthorized a multi-year common stock repurchase program of up to \$20 billion, without a set

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expiration date, beginning in the third quarter of 2023, which will be exercised from time to time as conditions warrant.

Attribution of Average Common Equity According to the Required Capital Framework

Our required capital ("Required Capital") estimation is based on the Required Capital framework, an internal capital adequacy measure. Common equity attribution to the business segments is based on capital usage calculated under the Required Capital framework, as well as each business segment's relative contribution to our total Required Capital.

The Required Capital framework is a risk-based and leverage-based capital measure, which is compared with our regulatory capital to ensure that we maintain an amount of going concern capital after absorbing potential losses from stress events, where applicable, at a point in time. The amount of capital allocated to the business segments is generally set at the beginning of each year and remains fixed throughout the year until the next annual reset unless a significant business change occurs (e.g., acquisition or disposition). We define the difference between our total average common equity and the sum of the average common equity amounts allocated to our business segments as Parent Company common equity. We generally hold Parent Company common equity for prospective regulatory requirements, organic growth, potential future acquisitions and other capital needs.

Average Common Equity Attribution under the Required Capital Framework¹

\$ in billions	\$ in billions	2023	2022	2021	\$ in billions	2024	2023	2022
Institutional Securities								
Wealth Management								
Investment Management ²								
Investment Management								
Parent								
Total								

1. The attribution of average common equity to the business segments is a non-GAAP financial measure. See "Selected Non-GAAP Financial Information" herein.

2. The total average common equity and the allocation to the Investment Management business segment in 2021 reflect the Eaton Vance acquisition on March 1, 2021.

We continue to evaluate our Required Capital framework with respect to the impact of evolving regulatory requirements, as appropriate.

Resolution and Recovery Planning

We are required to submit once every two years to the Federal Reserve and the FDIC ("Agencies") a resolution plan that describes our strategy for a rapid and orderly resolution under the U.S. Bankruptcy Code in the event of our material financial distress or failure. We submitted our 2021 targeted 2023 full resolution plan on June 30, 2021. In November 2022, June 2024, we received joint feedback on our 2021 2023 resolution plan from the Agencies. The feedback indicated that there are Agencies, with no shortcomings or deficiencies in our 2021 identified. Our next resolution plan and that we had successfully addressed submission will be a prior shortcoming identified by the Agencies targeted resolution plan in the review of our 2019 full resolution plan. We submitted our 2023 full resolution plan

on June 30, 2023. July 2025. For more information about resolution planning requirements, see "Business—Supervision and Regulation—Financial Holding Company—Resolution and Recovery Planning."

As described in our most recent resolution plan, our preferred resolution strategy is an SPOE strategy. In line with our

SPOE strategy, the Parent Company has transferred, and has agreed to transfer on an ongoing basis, certain assets to its wholly owned, direct subsidiary Morgan Stanley Holdings LLC (the "Funding IHC"). In addition, the Parent Company has entered into an amended and restated support agreement with its material entities (including the Funding IHC) and certain other subsidiaries. In the event of a resolution scenario, the Parent Company would be obligated to contribute all of its contributable assets to our supported entities and/or the Funding IHC. The Funding IHC would be obligated to provide capital and liquidity, as applicable, to our supported entities. The combined implication of the SPOE resolution strategy and the requirement to maintain certain levels of TLAC is that losses in resolution would be imposed on the holders of eligible LTD and other forms of eligible TLAC issued by the Parent Company before any losses are imposed on creditors of our supported entities and without requiring taxpayer or government financial support.

The obligations of the Parent Company and the Funding IHC under the amended and restated support agreement are in most cases secured on a senior basis by the assets of the Parent Company (other than shares in subsidiaries of the Parent Company and certain other assets) and the assets of the Funding IHC. As a result, claims of our supported entities, including the Funding IHC, with respect to the secured assets, are effectively senior to unsecured obligations of the Parent Company.

For more information about resolution and recovery planning requirements and our activities in these areas, including the implications of such activities in a resolution scenario, see "Business—Supervision and Regulation—Financial Holding Company—Resolution and Recovery Planning" and "Risk Factors—Legal, Regulatory and Compliance Risk."

Regulatory Developments and Other Matters

Replacement of London Interbank Offered Rate and Replacement or Reform of Other Interest Rate Benchmarks

Central banks around the world, including the Federal Reserve, have sponsored initiatives in recent years to replace LIBOR and replace or reform certain other interest rate benchmarks (collectively, the "IBORs").

With the cessation of publication of U.S. dollar LIBOR rates on a representative basis as of June 30, 2023, all LIBOR publications have ceased on a representative basis. However, the one-, three- and six-month U.S. dollar LIBOR and three-month sterling LIBOR rates are being published for a limited period for use in legacy transactions on the basis of a

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synthetic methodology (known as “synthetic LIBOR”). Publication of the three-month synthetic sterling LIBOR will cease at the end of March 2024 and publication of the one-, three- and six-month synthetic U.S. dollar LIBOR will cease at the end of September 2024.

As of December 31, 2023, a significant majority of our U.S. dollar LIBOR-referenced contracts contained fallback provisions or otherwise had a path that allowed for the transition to an alternative reference rate following the cessation of the applicable U.S. dollar LIBOR rate. We continue to execute against our Firmwide IBOR transition plan to complete the transition in all relevant markets to alternative reference rates.

See also “Risk Factors—Risk Management” for a further discussion of risks related to the planned replacement of the IBORs and/or reform of other interest rate benchmarks and related risks.

FDIC Final Rulemaking on Special Assessment

Following the failures of certain banks and resulting losses to the FDIC’s Deposit Insurance Fund in the first half of 2023, the FDIC adopted a final rule on November 16, 2023 to implement a special assessment to recover the cost associated with protecting uninsured depositors. Under the final rule, the assessment base for the special assessment is equal to an IDI’s estimated uninsured deposits reported as of December 31, 2022, adjusted to exclude the first \$5 billion of uninsured deposits. The \$5 billion exclusion is applied once to the aggregate uninsured deposits of our U.S. Bank Subsidiaries. The final rule provides that, starting in 2024, the FDIC will collect the special assessment at a quarterly rate of 3.36 basis points over eight quarterly assessment periods, subject to change depending on any adjustments to the loss estimate, mergers, failures, or amendments to reported estimates of uninsured deposits. We recorded the cost of the entire special assessment of \$286 million in Non-interest expenses when the final rule was published in the Federal Register, in the fourth quarter of 2023.

Basel III Endgame Proposal and G-SIB Surcharge Proposals

On July 27, 2023, U.S. banking agencies proposed revisions to risk-based capital and related standards applicable to us and our U.S. Bank Subsidiaries (“Basel III Endgame Proposal”). The proposal would introduce a new measure of RWAs known **We continue to monitor developments related to this rulemaking** as “Expanded Total RWAs” (the “Expanded Approach”), reflecting new RWA methodologies that generally align with changes to **well as** the global Basel Accord adopted by the Basel Committee. The proposal would eliminate the current capital rule’s Advanced Approach and effectively replace it with the Expanded Approach, which more heavily relies on standardized methodologies. As compared with the Standardized Approach, the Expanded Approach includes more granular risk weights for credit risk and introduces a new market risk framework. In addition, unlike the Standardized Approach, the Expanded Approach **framework.**

includes operational risk and credit valuation adjustment RWA components.

The Basel III Endgame Proposal, if adopted as a final rule, would maintain the current capital rule’s dual-requirement structure, whereby we and our U.S. Bank Subsidiaries would be required to calculate our risk-based capital ratios under both the Expanded Approach and the Standardized Approach. In addition, the proposal would modify the Standardized Approach by requiring that the new market risk standards from the proposal also be applied in the Standardized Approach.

The Basel III Endgame Proposal would apply the SCB and G-SIB surcharge to risk-based capital requirements calculated under both the Expanded Approach and the Standardized Approach. The proposal includes a proposed effective date of July 1, 2025, with three-year transition arrangements until revised standards are fully phased in on July 1, 2028.

Based on our current understanding of the Basel III Endgame Proposal, we estimate that, if the Expanded Approach had applied on a fully phased-in basis as of December 31, 2023, and in the absence of taking any actions to mitigate its impact, our Expanded Approach RWAs as of that date would have been approximately 40% higher than our actual Standardized Approach RWAs as of that date.

The increase in RWAs resulting from the Expanded Approach would result, assuming all other surcharge elements remained unchanged, in a lower SCB and lower G-SIB Method 2 surcharge as compared with current surcharges, as RWAs are included in the denominators of the relevant calculations for each buffer. Lower surcharges would, therefore, partially decrease the otherwise higher regulatory capital requirements under the Expanded Approach. The proposal would phase in the higher Expanded Approach RWAs on July 1 of each year during the transition, thereby increasing our regulatory capital requirements, with delayed incorporation of the potentially lower SCB and G-SIB Method 2 capital surcharge calculations.

Any estimate of how the Expanded Approach may impact us is a forward-looking statement and subject to uncertainty, as actual results may differ from the anticipated results and may be materially affected by and dependent on a range of factors, including business performance, future capital actions, the results of future supervisory stress tests, and potential modifications to the proposal by the U.S. banking agencies in a final rulemaking. The Firm does not undertake to update any forward-looking statement.

G-SIB Surcharge Proposal

On July 27, 2023, the Federal Reserve proposed revisions to the G-SIB capital surcharge framework applicable to us (“G-SIB Surcharge Proposal”). The G-SIB Surcharge Proposal includes various technical revisions to the G-SIB capital surcharge methodology and would revise the resulting

Management’s Discussion and Analysis



Method 2 G-SIB capital surcharge from 0.5-percentage point increments to 0.1-percentage point increments. The G-SIB Surcharge Proposal includes a proposed effective date two calendar quarters after the date of adoption of a final rule by the Federal Reserve. We continue to evaluate the G-SIB Surcharge Proposal and the potential impacts, if adopted, on our capital requirements and our Required Capital framework.



Quantitative and Qualitative Disclosures about Risk

Risk Management

Overview

Risk is an inherent part of our businesses and activities. We believe effective risk management is vital to the success of our business activities. Accordingly, we have an **ERM Enterprise Risk Management ("ERM")** framework to integrate the diverse roles of risk management into a holistic enterprise structure and to facilitate the incorporation of risk assessment into decision-making processes across the Firm.

We have policies and procedures in place to identify, measure, monitor, escalate, mitigate and control the principal risks involved in the activities of the Institutional Securities, Wealth Management and Investment Management business segments, **significant operating subsidiaries**, as well as at the Parent Company level. The principal risks involved in our business activities are both financial and non-financial and include market (including non-trading **risks**) **interest rate risk**, credit, liquidity, model, operational (including cybersecurity), compliance (including conduct), financial **crime, crimes**, strategic and reputational risks. Strategic risk is integrated into our business planning, embedded in the evaluation of all principal risks and overseen by the Board.

The cornerstone of our risk management philosophy is the pursuit of risk-adjusted returns through prudent risk taking that protects our capital base and franchise. This philosophy is implemented through the ERM framework. Five key principles underlie this philosophy: integrity, comprehensiveness, independence, accountability and transparency. To help ensure the efficacy of risk management, which is an essential component of our reputation, senior

Risk Management Governance - 2.3.2025.jpg

RRP—Resolution and Recovery Planning

1. Committees include the Capital Commitment Committee, **Equity Underwriting Committee**, Global Large Loan **Committee**, **Equity Underwriting** Committee, Leveraged Finance Underwriting Committee and Municipal Capital Commitment Committee.
2. Committees include the **Investment Management Risk Committee**, Securities Risk Committee **Wealth Management Risk Committee** and **Investment Wealth** Management Risk Committee.

management requires thorough and frequent reporting and the appropriate escalation of risk matters. The fast-paced, complex and constantly evolving nature of global financial markets requires us to maintain a risk management culture that is incisive, knowledgeable about specialized products and markets, and subject to ongoing review and enhancement.

Our risk appetite defines the aggregate level and types of risk that the Firm is willing to accept to achieve its business objectives, taking into account the interests of clients and fiduciary duties to shareholders, as well as capital and other regulatory requirements. This risk appetite is embedded in our risk culture and linked to our short-term and long-term strategic, capital and financial plans, as well as compensation programs. This risk appetite and the related Board-level risk limits and risk tolerance statements are reviewed and approved by the **BRC Risk Committee of the Board ("BRC")** and the Board on at least an annual basis.

Risk Governance Structure

Risk management at the Firm requires independent Firm-level oversight, accountability of our business **divisions, segments** and effective communication of risk matters across the Firm, to senior management and ultimately to the Board. Our risk governance structure is set forth in the following chart and also includes risk managers, committees and groups within and across business segments and operating legal entities. The ERM framework, composed of independent but complementary entities, facilitates efficient and comprehensive supervision of our risk exposures and processes.

Risk Disclosures



Morgan Stanley Board of Directors

The Board has oversight of the ERM framework and is responsible for helping to ensure that our risks are managed in a sound manner. The Board has authorized the committees within the ERM framework to help facilitate our risk oversight responsibilities. As set forth in the Board's Corporate Governance Policies, the Board also oversees, and receives reports on, our financial performance, strategy and business plans, as well as our practices and procedures relating to reputational and franchise risk, and culture, values and conduct.

Risk Committee of the Board

The BRC assists the Board in its oversight of the ERM framework; oversees significant financial risk exposures of the Firm, including market, credit, model and liquidity risk, against established risk measurement methodologies and the steps management has taken to monitor and control such exposures; oversees our risk appetite statement, including risk tolerance levels and limits; reviews capital, liquidity and funding strategy and planning and related guidelines and policies; reviews the contingency funding plan and capital planning process; oversees our significant risk governance, risk management and risk assessment guidelines and policies; oversees the performance of the Chief Risk Officer; reviews reports from our Strategic Transactions Committee, CCAR Committee and RRP Committee; reviews significant new product risk, emerging risks, regulatory matters and climate risk; and reviews reports from the Chief Audit Officer regarding the results of reviews and assessments of the risk management, liquidity and capital functions. The BRC reports to the Board on a regular basis and coordinates with the Board and other Board committees with respect to oversight of risk management and risk assessment guidelines.

Audit Committee of the Board

The BAC Audit Committee of the Board ("BAC") oversees the integrity of our financial statements, compliance with legal and regulatory requirements, and system of internal controls; oversees risk management and risk assessment guidelines in coordination with the Board and other Board committees; reviews the major legal, compliance and financial crime risk exposures of the Firm and the steps management has taken to monitor and control such exposures; appoints, compensates, retains, oversees, evaluates and, when appropriate, replaces the independent auditor; oversees the qualifications, performance and independence of our independent auditor and pre-approves audit and permitted non-audit services; oversees the performance of our Chief Audit Officer; and, after review, recommends to the Board the acceptance and inclusion of the annual audited financial statements in the Firm's annual report on Form 10-K. The BAC reports to the Board on a regular basis.

Operations and Technology Committee of the Board

The BOTC Operations and Technology Committee of the Board ("BOTC") oversees our operations and technology strategy and significant investments in support of such strategy; oversees operational risk, including information technology, information security, fraud, third-party oversight, business disruption and resilience and cybersecurity risks and the steps management has taken to monitor and control such exposures. The BOTC reviews and approves significant operations and technology policies. The BOTC also reviews risk management and risk assessment guidelines in coordination with the Board and other Board committees, and policies regarding operational risk. The BOTC reports to the Board on a regular basis.

Firm Risk Committee

The Board has also authorized the Firm Risk Committee ("FRC"), a management committee appointed and co-chaired by the Chief Executive Officer and Chief Risk Officer, which includes the most senior officers of the Firm from the business, independent risk functions and control groups, to help oversee the ERM framework. The FRC's responsibilities include: oversight of our risk management principles, procedures, limits and tolerances; the monitoring of capital levels and material market, credit, model, operational, liquidity, legal, compliance, and reputational risk matters, and other risks, as appropriate; and the steps management has taken to monitor and manage such risks. The FRC also establishes and communicates risk appetite, including aggregate Firm limits and tolerances, as appropriate. The Governance Process Review Subcommittee of the FRC oversees governance and process issues on behalf of the FRC. The FRC reports to the Board, the BAC, the BOTC and the BRC through the Chief Risk Officer, Chief Financial Officer, Chief Legal Officer and Head of Non-Financial Risk.

Functional Risk and Control Committees

Functional risk and control committees and other committees within the ERM framework facilitate efficient and comprehensive supervision of our risk exposures and processes.

Each business segment has a risk committee that is responsible for helping to ensure that the business segment, as applicable, adheres to established limits for market, credit, operational and other risks; implements risk measurement, monitoring, and management policies, procedures, controls and systems that are consistent with the risk framework established by the FRC; and reviews, on a periodic basis, our aggregate risk exposures, risk exception experience, and the efficacy of our risk identification, measurement, monitoring and management policies and procedures, and related controls.

Risk Disclosures



Chief Risk Officer

The Chief Risk Officer, who is independent of business units, reports to the BRC and the Chief Executive Officer. The Chief Risk Officer oversees compliance with our financial risk limits; approves exceptions to our financial risk limits; independently reviews material market, credit, model and liquidity risks; and reviews results of risk management processes with the Board, the BRC, the BOTC and the BAC, as appropriate. The Chief Risk Officer also oversees the ERM framework, which includes non-financial risk, and coordinates with the Head of NFR regarding non-financial risk, the Chief Financial Officer and the Chief Executive Officer regarding capital and liquidity management and works with the Compensation, Management Development and Succession Committee of the Board ("CMDS Committee") to help ensure that the structure and design of incentive compensation arrangements do not encourage unnecessary and excessive risk taking.

Head of Non-Financial Risk

The Head of Non-Financial Risk, who is independent of business units, reports to the Chief Legal Officer and Chief Administrative Officer. The Head of Non-Financial Risk oversees the compliance, financial crimes and operational risk management functions; independently reviews non-financial risks, including compliance (including conduct), financial crimes, and operational (including cybersecurity) risks, as well as material regulatory risks; and reviews results of risk management processes with the Board, the BAC, the BOTC, the BRC, and the BRC CMDS Committee, as appropriate. The Head of Non-Financial Risk also coordinates with reports to the Chief Risk Officer regarding financial risks as part of his oversight of the ERM Framework.

Independent Risk Management Functions

The Financial Risk Management functions (Market Risk, Credit Risk, Model Risk and Liquidity Risk Management Departments) and Non-Financial Risk Management functions (Compliance, Global Financial Crimes, and Operational Risk Departments) are independent of our business units and report to the Chief Risk Officer and Head of Non-Financial Risk, respectively. These functions assist senior management and the FRC in monitoring and controlling our risk through a number of control processes. Each function maintains its own risk governance structure with specified individuals and committees responsible for aspects of managing risk. Further discussion about the responsibilities of the risk management functions may be found under "Market Risk," "Credit Risk," "Operational Risk," "Model Risk" and Risk," "Liquidity Risk" Risk," and "Legal, Regulatory and Compliance Risk" herein.

Support and Control Groups Functions

Our support and control groups include, but are not limited to, Legal, the Finance Division, the Technology Division ("Technology"), the Operations Division ("Operations"), the Human Capital Management, & Global Services Division ("HCMGS"), and Firm Strategy and Execution. Our support and control groups functions coordinate with

management policies and procedures relating to, among other things, controls over financial reporting and disclosure; each business segment's market, credit and operational risk profile; liquidity risks; model risks; sales practices; reputational, legal enforceability, compliance and regulatory risks; and technological risks. Participation by the senior officers of the Firm and business segment control groups helps ensure that risk policies and procedures, exceptions to risk limits, new products and business ventures, and transactions with risk elements undergo thorough review.

Internal Audit Department

The Internal Audit Department ("IAD") independently identifies and assesses risks facing the Firm and provides independent, objective and timely assurance to stakeholders about the effectiveness of risk management, governance and controls over key risks within the Firm's businesses and functions. Every activity (including outsourced activities) and every entity of the Firm (including subsidiaries, affiliates and branches) is subject to IAD coverage. IAD develops and executes a comprehensive risk-based assurance plan to fulfill its role and purpose, which includes assessing compliance with policies, procedures and laws and regulations. IAD may also conduct other activities, such as retrospective reviews, pre-implementation reviews and investigations as requested by the BAC. senior

the business segment control groups to review the risk monitoring and risk

implementation, controls and management as requested by the Board, senior management or the Firm's regulators.

IAD executes its activities in accordance with the mandatory elements of The Institute of Internal Auditors' International Professional Practices Framework as well as the Firm's Code of Ethics and Business Conduct, regulatory requirements, and IAD's policies, procedures, standards and guidance. The Chief Audit Officer, who reports functionally directly to the Chair of the BAC and administratively to the Firm's Chief Executive Officer ("CEO"), communicates the results of IAD activities to the BAC on a quarterly basis and periodically to the BRC and BOTC.

Culture, Values and Conduct of Employees

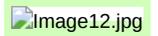
Employees of the Firm are accountable for conducting themselves in accordance with our core values: *Put Clients First, Do the Right Thing, Lead with Exceptional Ideas, Commit to Diversity and Inclusion, and Give Back*. We are committed to reinforcing and confirming adherence to our core values through our governance framework, tone from the top, management oversight, risk management and controls, and three lines of defense structure (business, Independent Risk Management (risk owners within the business, our independent risk management functions, such as including the Financial Risk Management and Non-Financial Risk Management functions, and Internal Audit) IAD).

The Board is responsible for overseeing the Firm's practices and procedures relating to culture, values and conduct, as set forth in the Board's Corporate Governance Policies. Senior management committees oversee the Firmwide culture, values and conduct program and report regularly to the Board. A

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fundamental building block of these programs is the Firm's Code of Conduct, which establishes standards for employee conduct that further reinforce the Firm's commitment to integrity and ethical conduct. Every new hire and every

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employee annually is required to certify to their understanding of and adherence to the Code of Conduct. The Firm's Global Conduct Risk Management Policy also sets out a consistent global framework for managing conduct risk (i.e., the risk arising from misconduct by employees or contingent workers) and conduct risk incidents at the Firm.

The employee annual performance review process includes evaluation of employee conduct related to risk management practices and the Firm's expectations. We also have several mutually reinforcing processes to identify employee conduct that may have an impact on employment status, current-year compensation and/or prior-year compensation. For example, the Global Incentive Compensation Discretion Policy sets forth standards for managers when making annual compensation decisions and specifically provides that managers must consider whether their employees effectively managed and/or supervised risk control practices during the performance year. Control function management meets to discuss employees whose conduct is not in line with our expectations. These results are incorporated into identified employees' performance reviews and compensation and promotion decisions.

The Firm's clawback and cancellation provisions apply to deferred incentive compensation and cover a broad scope of employee conduct, including any act or omission (including with respect to direct supervisory responsibilities) that constitutes a breach of obligation to the Firm or causes a restatement of the Firm's financial results, constitutes a violation of the Firm's global risk management principles, policies and standards, or causes a loss of revenue associated with a position on which the employee was paid and the employee operated outside of risk management policies.

Risk Limits Framework

Risk limits and quantitative metrics provide the basis for monitoring risk-taking activity and avoiding outsized risk taking. Our risk-taking capacity is sized through the Firm's capital planning process where losses are estimated under the Firm's BHC Severely Adverse stress testing scenario. We also maintain a comprehensive suite of risk limits and quantitative metrics to support and implement our risk-appetite statement. Our risk limits support linkages between the overall risk appetite, which is reviewed by the Board, and more granular risk-taking decisions and activities.

Risk limits, once established, are reviewed and updated on **at least** an annual basis, with more frequent updates as necessary. Board-level risk limits address the most important Firmwide aggregations of risk. Additional risk limits approved by the FRC address more specific types of risk and are bound by the higher-level Board risk limits.

activities of our Institutional Securities, Wealth Management and Investment Management business segments. These sections and the estimated amounts of our risk exposure generated by our statistical analyses are forward-looking statements. However, the analyses used to assess such risks are not predictions of future events, and actual results may vary significantly from such analyses due to events in the markets in which we operate and certain other factors described in the following paragraphs.

Market Risk

Market risk refers to the risk that a change in the level of one or more market prices, rates, spreads, indices, volatilities, correlations or other market factors, such as market liquidity, will result in losses for a position or portfolio. Generally, we incur market risk as a result of trading, investing and client facilitation activities, principally within the Institutional Securities business segment where the substantial majority of our VaR for market risk exposures is generated. In addition, we incur non-trading market risk, principally within the Wealth Management and Investment Management business segments. The Wealth Management business segment primarily incurs non-trading market risk (including interest rate risk) from lending and deposit-taking activities. The Investment Management business segment primarily incurs non-trading market risk from capital investments in its funds.

Market risk also includes non-trading interest rate risk. Non-trading interest rate risk in the banking book (amounts classified for regulatory capital purposes under the banking book regime) refers to the exposure that a change in interest rates will result in prospective earnings **and fair value** changes for assets and liabilities in the banking book

Risk Management Process

In subsequent sections, we discuss our risk management policies and procedures for our primary risks involved in the

BOOK

Sound market risk management is an integral part of our culture. The various business units and trading desks are responsible for ensuring that market risk exposures are well-managed and prudent. The Firm's control groups functions help ensure that these risks are measured and closely monitored and are made transparent to senior management. The Market Risk Department is responsible for ensuring the transparency of material market risks, monitoring compliance with established limits and escalating risk concentrations to appropriate senior management.

To execute these responsibilities, the Market Risk Department monitors our risk against limits on aggregate risk exposures, performs a variety of risk analyses, routinely reports risk summaries, and maintains our VaR and scenario analysis systems. Market risk is also monitored through various measures: by use of statistics (including VaR and related analytical measures), by measures of position size and sensitivity, and through routine stress testing, which measures the impact on the value of existing portfolios of specified

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changes in market factors and scenarios designed by the Market Risk Department in collaboration with the business units. The material risks identified by these processes are summarized in reports produced by the Market Risk

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Department that are circulated to and discussed with senior management, the FRC, the BRC and the Board.

Trading Risks

Primary Market Risk Exposures and Market Risk Management

We have exposures to a wide range of risks related to interest rates and credit spreads, equity prices, foreign exchange rates and commodity prices as well as the associated implied volatilities, correlations and spreads of the global markets in which we conduct our trading activities.

We are exposed to interest rate and credit spread risk as a result of our market-making activities and other trading in interest rate-sensitive financial instruments (i.e., risk arising from changes in the level or implied volatility of interest rates, the timing of mortgage prepayments, the shape of the yield curve and/or credit spreads). The activities from which those exposures arise and the markets in which we are active include, but are not limited to, the following: to: derivatives, corporate and government debt across both developed and emerging markets and asset-backed debt, including mortgage-related securities.

We are exposed to equity price, correlation and implied volatility risk as a result of making markets in equity securities and derivatives and maintaining other positions, including positions in non-public entities. Positions in non-public entities may include, but are not limited to, exposures to private equity, venture capital, private partnerships, real estate funds and other funds. Such positions are less liquid, have longer investment horizons and are more difficult to hedge than listed equities.

We are exposed to foreign exchange rate, correlation and implied volatility risk as a result of making markets in foreign currencies and foreign currency derivatives, from maintaining foreign exchange positions and from holding non-U.S. dollar-denominated financial instruments.

We are exposed to commodity price and implied volatility risk as a result of market-making activities in commodity products related primarily to electricity, natural gas, oil and precious metals. Commodity exposures are subject to periods of high price volatility as a result of changes in supply and demand. These changes can be caused by weather conditions, physical production and transportation, or geopolitical and other events that affect the available supply and level of demand for these commodities.

We manage our 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

terms, specific characteristics or other basis risks that may exist between the hedge instrument and the risk exposure that is being hedged.

We manage the market risk associated with our trading activities on a Firmwide basis, on a worldwide trading division level and on an individual product basis. We manage and monitor our market risk exposures in such a way as to maintain a portfolio that we believe is well diversified in the aggregate with respect to market risk factors and that reflects our aggregate risk tolerance as established by our senior management.

Aggregate market risk limits have been approved for the Firm across all divisions worldwide. Additional market risk limits are assigned to trading desks and, as appropriate, products and regions. Trading division risk managers, desk risk managers, traders and the Market Risk Department monitor market risk measures against limits in accordance with policies set by our senior management.

Value-at-Risk

The statistical technique known as VaR is one of the tools we use to measure, monitor and review the market risk exposures of our trading portfolios. The Market Risk Department calculates and distributes daily VaR-based risk measures to various levels of management.

We estimate VaR using a model based on a one-year equal-weighted historical simulation for general market risk factors and name-specific risk in corporate equities and related derivatives, and Monte Carlo simulation for name-specific risk in bonds, loans and related derivatives. The model constructs a distribution of hypothetical daily

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

loans and related derivatives. The model constructs a distribution of hypothetical daily changes in the value of trading portfolios based on historical observation of daily changes in key market indices or other market risk factors, and information on the sensitivity of the portfolio values to these market risk factor changes.

VaR for risk management purposes ("Management VaR") is computed at a 95% level of confidence over a one-day time horizon, which is a useful indicator of possible trading losses resulting from adverse daily market moves. The 95%/one-day VaR corresponds to the unrealized loss in portfolio value that, based on historically observed market risk factor movements, would have been exceeded with a frequency of 5%, or five times in every 100 trading days, if the portfolio were held constant for one day.

Our VaR model generally takes into account linear and non-linear exposures to equity and commodity price risk, interest rate risk, credit spread risk and foreign exchange rates. The model also takes into account linear exposures to implied volatility risks for all asset classes and non-linear exposures to implied volatility risks for equity, commodity and foreign

Risk Disclosures



exchange referenced products. The VaR model also captures certain implied correlation risks associated with portfolio credit derivatives, as well as certain basis risks (e.g., corporate debt and related credit derivatives).

Risk Disclosures



We use VaR as one of a range of risk management tools. Among their benefits, VaR models permit estimation of a portfolio's aggregate market risk exposure, incorporating a range of varied market risks and portfolio assets. One key element of the VaR model is that it reflects risk reduction due to portfolio diversification or hedging activities. However, VaR has various limitations, which include, but are not limited to: use of historical changes in market risk factors, which may not be accurate predictors of future market conditions and may not fully incorporate the risk of extreme market events that are outsized relative to observed historical market behavior or reflect the historical distribution of results beyond the 95% confidence interval; and reporting of losses in a single day, which does not reflect the risk of positions that cannot be liquidated or hedged in one day. A small proportion of market risk generated by trading positions is not included in VaR.

VaR statistics are not readily comparable across firms because of differences in the firms' portfolios, modeling assumptions and methodologies. These differences can result in materially different VaR estimates across firms for similar portfolios. The impact of such differences varies depending on the factor history assumptions, the frequency with which the factor

The modeling of the risk characteristics of some positions relies on approximations that, under certain circumstances, could produce significantly different results from those produced using more precise measures. VaR is most appropriate as a risk measure for trading positions in liquid financial markets and will understate the risk associated with severe events, such as periods of extreme illiquidity. We are aware of these and other limitations and, therefore, use VaR as only one component in our risk management oversight process. This process also incorporates stress testing and scenario analyses and extensive risk monitoring, analysis and control at the trading desk, division and Firm levels.

We update our VaR model in response to changes in the composition of trading portfolios and to improvements in modeling techniques and systems capabilities. We are committed to continuous review and enhancement of VaR methodologies and assumptions in order to capture evolving risks associated with changes in market structure and dynamics. As part of our regular process improvements, additional systematic and name-specific risk factors may be added to improve the VaR model's ability to more accurately estimate risks to specific asset classes or industry sectors.

Since the reported VaR statistics are estimates based on historical data, VaR should not be viewed as predictive of our future revenues or financial performance or of our ability to monitor and manage risk. There can be no assurance that our actual losses on a particular day will not exceed the VaR amounts indicated in the following tables or that such losses will not occur more than five times in 100 trading days for a 95%/one-day VaR. VaR does not predict the magnitude of losses that, should they occur, may be significantly greater than the VaR amount.

history is updated and the confidence level. As a result, VaR statistics are more useful when interpreted as indicators of trends in a firm's risk profile rather than as an absolute measure of risk to be compared across firms.

Our regulators have approved the same VaR model we use for risk management purposes for use in regulatory calculations.

The portfolio of positions used for Management VaR differs from that used for Regulatory VaR. Management VaR contains certain positions that are excluded from Regulatory VaR.

95%/One-Day Management VaR

\$ in millions	2023				2024					
	Period				Period					
	End	Average	High	Low	End	Average	High	Low		
Interest rate and credit spread										
Equity price										
Foreign exchange rate										
Commodity price										
Less: Diversification benefit:	(27)	(40)	(40)	N/A	N/A	(37)	(37)	(37)	N/A	N/A
Primary Risk Categories										
Credit Portfolio										

	2022				2023					
	End	Average	High ₁	Low ₁	End	Average	High ₁	Low ₁		
Less: Diversification benefit ₂	(22)	(15)	(15)	N/A	N/A	(16)	(17)	(17)	N/A	N/A
Total Management VaR										
Interest rate and credit spread										
Equity price										
Foreign exchange rate										
Commodity price										
Less: Diversification benefit ₂	(36)	(40)	(40)	N/A	N/A	(27)	(40)	(40)	N/A	N/A
Primary Risk Categories										
Credit Portfolio										
Less: Diversification benefit ₂	(9)	(11)	(11)	N/A	N/A	(22)	(15)	(15)	N/A	N/A
Total Management VaR										

- The high and low VaR values for the Total Management VaR and each of the component VaRs might have occurred on different days during the quarter, and, therefore, the diversification benefit is not an applicable measure.
- Diversification benefit equals the difference between the total VaR and the sum of the component VaRs. This benefit arises because the simulated one-day losses for each of the components occur on different days, similar days. Similar diversification benefits are also taken into account within each component.

Average Total Management VaR and Average average Management VaR for the Primary Risk Categories decreased in from 2023, from 2022 primarily due to reduced exposure in the Commodity price risk category and driven by lower market volatility.

Distribution of VaR Statistics and Net Revenues

We evaluate the reasonableness of our VaR model by comparing the potential declines in portfolio values generated by the model with corresponding actual trading results for the Firm, as well as individual business units. For days where losses exceeded the VaR statistic, we examine the drivers of trading losses to evaluate the VaR model's accuracy. There were 16 trading loss days in 2023, one of which exceeded 95% Total Management VaR, compared to 15 trading loss days in 2022, none of which exceeded 95% Total Management VaR.

Risk Disclosures



trading losses to evaluate the VaR model's accuracy. There were 11 trading loss days in 2024, none of which exceeded 95% Total Management VaR, compared to 16 trading loss days in 2023, one of which exceeded 95% Total Management VaR.

sensitivity analyses cover substantially all of the non-trading market risk in our portfolio.

Daily 95% One-Day Total Management VaR for 2023 2024

(\$ in millions)
9895604662885

Daily Net Trading Revenues for 2023 2024

(\$ in millions)
14843406987881

Daily net trading revenues include profits and losses from Interest rate and credit spread, Equity price, Foreign exchange rate, Commodity price, and Credit Portfolio positions and intraday trading activities for our trading businesses. Certain items such as fees, commissions, net interest income and counterparty default risk are excluded from daily net trading revenues and the VaR model. Revenues required for Regulatory VaR backtesting further exclude intraday trading.

Non-Trading Risks

We believe that sensitivity analysis is an appropriate representation of our non-trading risks. The following

Credit Spread Risk Sensitivity¹

	At December 31, 2023		At December 31, 2022		At December 31, 2024		At December 31, 2023	
\$ in millions	\$ in millions							
Derivatives								
Borrowings carried at fair value								

1. Amounts represent the potential gain for each 1 bps widening of our credit spread.

Credit spread risk sensitivity for borrowings carried at fair value at December 31, 2023 increased from December 31, 2022, primarily driven by debt issuances and credit spread tightening.

The Wealth Management business segment reflects a substantial portion of our non-trading interest rate risk. Net interest income in the Wealth Management business segment primarily consists of interest income earned on non-trading assets held, including loans and investment securities, as well as margin and other lending on non-bank entities and interest expense incurred on non-trading liabilities, primarily deposits.

Wealth Management Net Interest Income Sensitivity Analysis¹

	At December 31, 2023		At December 31, 2022		At December 31, 2024		At December 31, 2023	
\$ in millions	\$ in millions							
Basis point change								
+100								
+100								
+200								
+200								
+200								
+100								
-100								
-200								

1. The prior period has been revised to conform to the current period presentation.

The previous table presents an analysis of selected instantaneous upward and downward parallel interest rate shocks (subject to a floor of zero percent in the downward scenario) on net interest income over the next 12 months for our Wealth Management business segment. These shocks are applied to our 12-month forecast for our Wealth Management business segment, which incorporates market expectations of interest rates and our forecasted balance sheet and business activity, including activity. The forecast includes modeled prepayment behavior, reinvestment of net cash flows from maturing assets and liabilities, and deposit forecasts as a pricing sensitivity to interest rates. These key assumption, assumptions are updated periodically based on historical data and future expectations.

We do not manage to any single rate scenario but rather manage net interest income in our Wealth Management business segment across a range of possible outcomes, including non-parallel rate change scenarios. The sensitivity analysis assumes that we take no action in response to these scenarios, assumes there are no changes in other macroeconomic variables normally correlated with changes in interest rates and includes subjective assumptions regarding customer and market re-pricing behavior and other factors.

Our Wealth Management business segment balance sheet is asset sensitive, given assets reprice faster than liabilities, resulting in higher net interest income in increasing higher interest rate scenarios and lower net interest income in lower interest rate scenarios. The level of interest rates may impact the amount of deposits held at the Firm, given competition for deposits from other institutions and alternative cash-equivalent products available to depositors. Further, rising interest rates could also impact client demand for loans. Net interest income sensitivity to interest rates at December 31, 2023 decreased from December 31, 2022, primarily driven by the effects of changes in the mix of our assets and liabilities.

Risk Disclosures



from other institutions and alternative cash-equivalent products available to depositors. Further, the level of interest rates could also impact client demand for loans. Net interest income sensitivity to interest rates at December 31, 2024 decreased from December 31, 2023, primarily driven by the effects of changes in the mix of our assets and liabilities and changes in market rates.

Investments Sensitivity, Including Related Carried Interest

	Loss from 10% Decline				Loss from 10% Decline			
	At		At		At		At	
	December 31, 2023		December 31, 2022		December 31, 2024		December 31, 2023	
\$ in millions	\$ in millions		\$ in millions		\$ in millions		\$ in millions	
Investments related to Investment Management activities								
Other investments:								
MUMSS								
MUMSS								
MUMSS								
Other Firm investments								

We have exposure to public and private companies through direct investments, as well as through funds that invest in these assets. These investments are predominantly equity positions with long investment horizons, a portion of which is for business facilitation purposes. The market risk related to these investments is measured by estimating the potential reduction in net revenues associated with a reasonably possible 10% decline in investment values and related impact on performance-based income, as applicable. Investment sensitivity changed between December 31, 2024 and December 31, 2023 primarily due to new investments in the Community Reinvestment Act affordable housing and new private credit funds in Investment Management.

Asset Management Revenue Sensitivity

Certain asset management revenues in the Wealth Management and Investment Management business segments are derived from management fees, which are based on fee-based client assets in Wealth Management or AUM in Investment Management (together, "client holdings"). The assets underlying client holdings are primarily composed of equity, fixed income and alternative investments and are sensitive to changes in related markets. These revenues depend on multiple factors including, but not limited to, the level and duration of a market increase or decline, price volatility, the geographic and industry mix of client assets, and client behavior such as the rate and magnitude of client investments and redemptions. Therefore, overall revenues may not correlate completely with changes in the related markets.

Credit Risk

Credit risk refers to the risk of loss arising when a borrower, counterparty or issuer does not meet its financial obligations to us. We are primarily exposed to credit risk from institutions and individuals through our Institutional Securities and Wealth Management business segments.

We incur credit risk in our Institutional Securities business segment through a variety of activities, including, but not limited to, the following:

- extending credit to clients through loans and lending commitments;
- entering into swap or other derivative contracts under which counterparties may have obligations to make payments to us;
- acting as clearing broker for listed and over-the-counter derivatives whereby we guarantee client performance to clearinghouses;
- providing short- or long-term funding that is secured by physical or financial collateral, including, but not limited to, real estate and marketable securities, whose value may at times be insufficient to fully cover the repayment amount;
- posting margin and/or collateral to clearinghouses, clearing agencies, exchanges, banks, securities firms and other financial counterparties;
- placing funds on deposit at other financial institutions to support our clearing and settlement obligations; and
- investing or trading in securities and loan pools, whereby the value of these assets may fluctuate based on realized or expected defaults on the underlying obligations or loans.

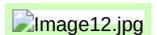
We incur credit risk in our Wealth Management business segment, primarily through lending to individuals and entities, including, but not limited to, the following:

- margin loans collateralized by securities;
- securities-based lending and other forms of secured loans, including tailored lending to ultra-high net worth clients, that are in most cases secured by various types of collateral, including marketable securities, private investments, commercial real estate and other financial assets;
- single-family residential mortgage loans in conforming, non-conforming or HELOC form, primarily to existing Wealth Management clients; and
- employee loans granted primarily to recruit certain Wealth Management representatives.

Monitoring and Control

The Credit Risk Management Department ("CRM") establishes Firmwide practices to evaluate, monitor and control credit risk at the transaction, obligor and portfolio levels. The CRM approves extensions of credit, evaluates the creditworthiness of the counterparties and borrowers on a regular basis, and helps ensure that credit exposure is actively monitored and managed. The evaluation of counterparties and borrowers includes an assessment of the probability that an obligor will default on its financial obligations and any losses that may occur when an obligor defaults. In addition, credit risk exposure is actively managed by credit professionals and committees within the CRM and through various risk committees, whose membership includes individuals from the CRM. A comprehensive and global Credit Limits Framework is utilized to manage credit risk levels across the Firm. The Credit Limits Framework is calibrated within our risk

Risk Disclosures



tolerance and includes single-name limits and portfolio concentration limits by country, industry and product type.

The CRM helps ensure timely and transparent communication of material credit risks, compliance with established limits and escalation of risk concentrations to appropriate senior management. The CRM also works closely with the Market Risk Department and applicable business units to monitor risk exposures and to perform stress tests to identify, analyze and control credit risk concentrations arising from lending and trading activities. The stress tests shock market factors (e.g., interest rates, commodity prices, credit spreads), risk

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parameters (e.g., probability of default and loss given default), recovery rates and expected losses in order to assess the impact of stresses on exposures, profit and loss, and our capital position. Stress tests are conducted in accordance with our established policies and procedures.

Credit Evaluation

The evaluation of corporate and institutional counterparties and borrowers includes assigning credit ratings, which reflect an assessment of an obligor's probability of default and loss given default. Credit evaluations typically involve the assessment of financial statements; leverage; liquidity; capital strength; asset composition and quality; market capitalization; access to capital markets; adequacy of collateral, if applicable; and, in the case of certain loans, cash flow projections and debt service requirements. The CRM also evaluates strategy, market position, industry dynamics, exposure to changes in international trade policies and supply chain constraints, management and other factors such as country risks and legal and contingent risks that could affect the obligor's risk profile. Additionally, the CRM evaluates the relative position of our exposure in the borrower's capital structure and relative recovery prospects, as well as other structural elements of the particular transaction. The underwriting of commercial real estate loans includes, but is not limited to, review of the property type, LTV ratio, occupancy levels, debt service ratio, prevailing capitalization rates and market dynamics.

The evaluation of consumer borrowers is tailored to the specific type of lending. Securities-based loans are evaluated based on factors that include, but are not limited to, the amount of the loan and the amount, quality, diversification, price volatility and liquidity of the collateral. The underwriting of residential real estate loans includes, but is not limited to, review of the obligor's debt-to-income ratio, net worth, liquidity, collateral, LTV ratio and industry standard credit-scoring models (e.g., FICO scores). Subsequent credit monitoring for individual loans is performed at the portfolio level, and collateral values are monitored on an ongoing basis.

Credit risk metrics assigned to our borrowers during the evaluation process are incorporated into the CRM maintenance of the allowance for credit losses. Such allowance serves as a reserve for expected inherent losses, as well as expected losses related to loans identified as impaired.

forwards, swaps and options). Additionally, we may sell, assign or syndicate loans and lending commitments to other financial institutions in the primary and secondary loan markets.

In connection with our derivatives trading activities, we generally enter into master netting agreements and collateral arrangements with counterparties. These agreements provide us with the ability to demand collateral, as well as to liquidate collateral and offset receivables and payables covered under the same master agreement in the event of a counterparty default. A collateral management group monitors collateral levels against requirements and oversees the administration of the collateral function. See Note 8 to the financial statements for additional information about our collateralized transactions.

Loans and Lending Commitments

\$ in millions	At December 31, 2023				At December 31, 2024			
	\$ in millions	HFI	HFS	FVO: Total	\$ in millions	HFI	HFS	FVO: Total
Institutional Securities:								
Corporate								
Corporate								
Corporate								
Secured lending facilities								
Commercial and Residential real estate								
Securities-based lending and Other								
Total Institutional Securities								
Wealth Management:								
Residential real estate								
Residential real estate								
Residential real estate								
Securities-based lending and Other								

For more information on the allowance for credit losses, see Notes 2 and 9 to the financial statements.

Risk Mitigation

We may seek to mitigate credit risk from our lending and trading activities in multiple ways, including collateral provisions, guarantees and hedges. At the transaction level, we seek to mitigate risk through management of key risk elements such as size, tenor, financial covenants, seniority and collateral. We actively hedge our lending and derivatives exposures. Hedging activities consist of the purchase, sale or sale transfer of positions in related securities and financial instruments, including a variety of derivative products (e.g., futures,

Total Wealth Management
Total Investment Management
Total loans
ACL
Total loans, net of ACL
Lending commitments
Total exposure

\$ in millions	At December 31, 2022			
	HFI	HFS	FVO ₁	Total
Institutional Securities:	63			December 2024 Form 10-K
Corporate	\$ 6,589	\$ 10,634	\$ —	17,223
Secured lending facilities	35,606	3,176	6	38,788
Commercial and Residential real estate	8,515	926	2,548	11,989
Securities-based lending and Other	2,865	39	5,625	8,529
Risk Disclosures	53,575	14,775	8,179	

\$ in millions	At December 31, 2023				Total
	HFI	HFS	FVO ₁	Total	
Institutional Securities:					54,460
Corporate	\$ 6,758	\$ 11,862	\$ —	\$ 18,620	91,797
Secured lending facilities	39,498	3,161	—	42,659	146,257
Commercial and Residential real estate	8,678	209	3,331	12,218	4
Securities-based lending and Other	2,818	—	4,402	7,220	—
Total Institutional Securities	57,752	15,232	7,733	80,717	198,997
Wealth Management:					\$ 136,960
Residential real estate	60,375	22	—	60,397	\$ 359,142
Securities-based lending and Other	86,423	1	—	86,424	
Total Wealth Management	146,798	23	—	146,821	
Total Investment Management	4	—	455	459	
Total loans	204,554	15,255	8,188	227,997	
ACL	(1,169)			(1,169)	
Total loans, net of ACL	\$ 203,385	\$ 15,255	\$ 8,188	\$ 226,828	
Lending commitments	\$ 128,134	\$ 21,329	\$ 510	\$ 149,973	
Total exposure	\$ 331,519	\$ 36,584	\$ 8,698	\$ 376,801	

Total exposure—consists of Total loans, net of ACL, and Lending commitments

- FVO includes the fair value of certain unfunded lending commitments.
- Investment Management business segment loans are related to certain of our activities as an investment adviser and manager.
Loans held at fair value are the result of the consolidation of investment vehicles (including CLOs) managed by

Risk Disclosures



Investment Management, composed primarily of senior secured loans to corporations.

3. Lending commitments represent the notional amount of legally binding obligations to provide funding to clients for lending transactions. Since commitments associated with these business activities may expire unused or may not be utilized to full capacity, they do not necessarily reflect the actual future cash funding requirements.

We provide loans and lending commitments to a variety of customers, including large corporate and institutional clients, as well as high to ultra-high net worth individuals. In addition, we purchase loans in the secondary market. Loans and lending commitments are either held for investment, held for sale or carried at fair value. For more information on these loan classifications, see Note 2 to the financial statements.

In 2023, 2024, total loans and lending commitments increased by approximately \$18 billion \$47 billion, primarily due to an increase in Corporate lending commitments and Secured lending facilities within the Institutional Securities business segment, and growth across portfolios within the Wealth Management business segment.

See Notes 4, 5, 9 and 14 to the financial statements for further information.

Allowance for Credit Losses—Loans and Lending Commitments

\$ in millions		2023	2024
ACL—Loans			
Beginning balance	\$	939	1,169
Gross charge-offs		(167)	(242)
Recoveries		2	7
Net (charge-offs)/recoveries		(165)	(235)
Provision for credit losses		488	146
Other		7	(14)
Ending balance	\$	1,169	1,066
ACL—Lending commitments			
Beginning balance	\$	504	551
Provision for credit losses		44	118
Other		3	(13)
Ending balance	\$	551	656
Total ending balance	\$	1,720	1,722

Provision for Credit Losses by Business Segment

\$ in millions	\$ in millions	IS	WM	Total	Year Ended December 31, 2023			
					\$ in millions	IS	WM	Total
Loans								
Lending commitments								
Total								

Credit exposure arising from our loans and lending commitments is measured in accordance with our internal risk management standards. Risk factors considered in determining the allowance for credit losses for loans and lending commitments include the borrower’s financial strength, industry, facility structure, LTV ratio, debt service ratio, collateral and covenants. Qualitative and environmental factors such as economic and business conditions, nature and volume of the portfolio and lending terms, and volume and severity of past due loans may also be considered.

The allowance for credit losses for loans and lending commitments increased in 2023, primarily related to

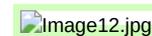
deteriorating conditions in the commercial real estate sector, including was relatively unchanged since December 31, 2023, reflecting provisions for certain specific commercial real estate loans and growth in the corporate loan portfolio, offset by charge-offs related to commercial real estate lending, mainly in the office portfolio, sector, and modest growth improvements in certain other loan portfolios. Charge-offs in 2023 were primarily related to Commercial real estate and Corporate loans, the macroeconomic outlook.

The base scenario used in our ACL models as of December 31, 2023 December 31, 2024 was generated using a combination of consensus economic forecasts, forward rates, and internally developed and validated models, and models. This scenario assumes slow continued economic growth in 2024, followed by a gradual improvement in 2025. Given as well as lower interest rates relative to the nature prior year forecast. The ACL calculation incorporates key macroeconomic variables, including U.S. real GDP growth rate. The significance of our lending key macroeconomic variables on the ACL calculation varies depending on portfolio the most sensitive model input is U.S. gross domestic product (“GDP”), composition and economic conditions.

Forecasted U.S. Real GDP Growth Rates in Base Scenario

4Q 2024		4Q 2025	
Year-over-year growth rate	0.9 %	2.0 %	1.9 %
Year-over-year growth rate	2.0 %	2.1 %	2.1 %

Risk Disclosures



Other key macroeconomic variables used in the ACL calculation include corporate credit spreads, interest rates and commercial real estate indices. See Note 2 to the financial statements for a discussion of the Firm's ACL methodology under CECL.

Status of Loans Held for Investment

		At December 31, 2023				At December 31, 2022					
		At December 31, 2024				At December 31, 2023					
	IS		IS	WM	IS	WM		IS	WM	IS	WM
Accrual	Accrual	98.9 %	99.8 %	99.3 %	99.9 %	Accrual	99.2 %	99.7 %	98.9 %	99.8 %	
Nonaccrual	Nonaccrual	1.1 %	0.2 %	0.7 %	0.1 %	Nonaccrual	0.8 %	0.3 %	1.1 %	0.2 %	

1. Nonaccrual loans are loans where principal or interest is not expected when contractually due or are past due 90 days or more.

Net Charge-off Ratios for Loans Held for Investment

\$ in millions	\$ in millions	Corporate	Secured Lending Facilities	CRE	Residential Real Estate	SBL and Other	Total	\$ in millions	Corporate	Secured Lending Facilities	CRE	Residential Real Estate	SBL and Other	Total
2024														
Net charge-off ratio ¹		0.57 %	0.03 %	1.87 %	— %	0.03 %	0.11 %							
Average loans														
2023														
Net charge-off ratio ¹	Net charge-off ratio ¹	0.47 %	— %	1.50 %	— %	— %	0.08 %	Net charge-off ratio ¹	0.47 %	— %	1.50 %	— %	— %	0.08 %
Average loans														
2022														
Net charge-off ratio ¹	Net charge-off ratio ¹	(0.09) %	0.01 %	0.09 %	— %	0.02 %	0.01 %	Net charge-off ratio ¹	(0.09) %	0.01 %	0.09 %	— %	0.02 %	0.01 %
Average loans														
2021														
Net charge-off ratio ¹		0.44 %	0.24 %	0.38 %	— %	0.01 %	0.08 %							
Average loans														

1. Net charge-off ratio represents gross charge-offs net of recoveries divided by total average loans held for investment before ACL.

Risk Disclosures



Institutional Securities Loans and Lending Commitments:

<i>\$ in millions</i>	At December 31, 2023					At December 31, 2024						
	Contractual Years to Maturity					Contractual Years to Maturity						
	<i>\$ in millions</i>	< 1	1-5	5-15	>15	Total	<i>\$ in millions</i>	< 1	1-5	5-15	>15	Total
Loans												
AA												
AA												
AA												
A												
BBB												
BB												
Other NIG												
Unrated:												
Total loans, net of ACL												
Lending commitments												
AAA												
AAA												
AAA												
AA												
AA												
A												
BBB												
BB												
Other NIG												
Unrated:												
Total lending commitments												
Total exposure												

		At December 31, 2023				
		Contractual Years to Maturity				Total
\$ in millions	\$ in millions	< 1	1-5	5-15	>15	
Loans	Loans					
AA	AA	\$ 3	\$ 11	\$ 216	\$ —	230
A	A	1,054	950	182	—	2,186
BBB	BBB	7,117	10,076	346	—	17,539
BB	BB	11,723	16,367	1,775	277	30,142
Other NIG	Other NIG	9,586	12,961	2,924	156	25,627
Unrated ₂	Unrated ₂	111	1,036	62	2,910	4,119
Total loans, net of ACL		29,594	41,401	5,505	3,343	79,843
Lending commitments	Lending commitments					
AAA	AAA	—	50	—	—	50
AA	AA	2,610	3,064	154	—	5,828
A	A	7,704	21,256	593	—	29,553
BBB	BBB	9,161	46,304	106	—	55,571
BB	BB	4,069	16,431	1,594	414	22,508
Other NIG	Other NIG	1,916	13,842	1,077	3	16,838
Unrated ₂	Unrated ₂	6	7	—	—	13
Total lending commitments		25,466	100,954	3,524	417	130,361
Total lending commitments, net of ACL		\$ 55,060	\$ 142,355	\$ 9,029	\$ 3,760	\$ 210,204

Total NIG—Non-investment grade

exposure¹. Company credit risk is primarily managed by the CRM.

2. Unrated loans and lending commitments are primarily trading positions that are measured at fair value and risk-managed as a component of market risk. For a further discussion of our market risk, see "Quantitative and Qualitative Disclosures about Risk—Market Risk" herein.

Institutional Securities Loans and Lending Commitments by Industry

\$ in millions	At		At	
	December 31, 2023	December 31, 2022	December 31, 2024	December 31, 2023
Financials				
Real estate				
Communications services				
Industrials				
Communications services				
Information technology				
Healthcare				
Information technology				
Consumer discretionary				
Consumer staples				
Utilities				
Consumer staples				
Energy				
Materials				
Insurance				
Other				
Total exposure				

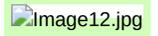
Institutional Securities Lending Activities

The Institutional Securities business segment lending activities include Corporate, Secured lending facilities, Commercial and Residential real estate, and Securities-based lending and Other. As of **December 31, 2023** **December 31, 2024** and **December 31, 2022** **December 31, 2023**, over 90% of our total lending exposure, which consists of loans and

lending commitments, **is was** investment grade and/or secured by collateral.

Corporate comprises relationship and event-driven loans and lending commitments supporting general and event-driven financing needs for our institutional clients, which typically consist of revolving lines of credit, term loans and bridge loans; may have varying terms; may be senior or

Risk Disclosures



subordinated; may be secured or unsecured; are generally contingent upon representations, warranties and contractual conditions applicable to the borrower; and may be syndicated, traded or hedged. Relationship loans and lending commitments are extended to select institutional clients, primarily for general corporate purposes and generally with the intent to hold for the foreseeable future. Event-driven loans and lending commitments are extended in connection with specific client transactions and are explained in further detail in "Institutional Securities Event-Driven Loans and Lending Commitments" herein.

Secured lending facilities include loans provided to clients, which are collateralized by various assets, including residential and commercial real estate mortgage loans, investor commitments for capital calls, corporate loans and other assets. These facilities generally provide for overcollateralization. Credit risk with respect to these loans and lending commitments arises from the failure of a borrower to perform according to the terms of the loan agreement and/or a decline in the underlying collateral value. The Firm monitors collateral levels against the requirements of lending agreements. See Note 15 to the financial statements for information about our securitization activities.

Risk Disclosures



Commercial real estate loans are primarily senior, secured by underlying real estate and are typically in term loan form. In addition, as part of certain of its trading and securitization activities, Institutional Securities may also hold residential real estate loans.

Securities-based lending and Other includes financing extended to sales and trading customers and corporate loans purchased in the secondary market.

Institutional Securities Event-Driven Loans and Lending Commitments

	At December 31, 2023					At December 31, 2024				
	Contractual Years to Maturity					Contractual Years to Maturity				
	\$ in millions	<1	1-5	5-15	Total	\$ in millions	<1	1-5	5-15	Total
Loans, net of ACL										
Lending commitments										
Total exposure										

	At December 31, 2022	At December 31, 2023
Contractual Years to Maturity		

<i>\$ in millions</i>	<i>\$ in millions</i>	<1	1-5	5-15	Total	<i>\$ in millions</i>	<1	1-5	5-15	Total
Loans, net of ACL										
Lending commitments										
Total exposure										

Event-driven loans and lending commitments are associated with certain underwritings and/or syndications to finance a specific transaction, such as merger, acquisition, recapitalization or project finance activities. Balances may fluctuate as such lending is related to transactions that vary in timing and size from period to period.

Institutional Securities Loans and Lending Commitments Held for Investment

\$ in millions	At December 31, 2023		
	Loans	Lending Commitments	Total
Corporate	\$ 6,758	\$ 91,752	\$ 98,510
Secured lending facilities	39,498	15,589	55,087
Commercial real estate	8,678	266	8,944
Other	2,818	915	3,733
Total, before ACL	\$ 57,752	\$ 108,522	\$ 166,274
ACL	\$ (874)	\$ (533)	\$ (1,407)

\$ in millions	At December 31, 2022		
	Loans	Lending Commitments	Total
Corporate	\$ 6,589	\$ 79,882	\$ 86,471
Secured lending facilities	35,606	12,803	48,409
Commercial real estate	8,515	374	8,889
Other	2,865	985	3,850
Total, before ACL	\$ 53,575	\$ 94,044	\$ 147,619
ACL	\$ (674)	\$ (484)	\$ (1,158)

\$ in millions	At December 31, 2024		
	Loans	Lending Commitments	Total
Corporate	\$ 6,889	\$ 105,824	\$ 112,713
Secured lending facilities	48,842	20,971	69,813
Commercial real estate	8,412	1,249	9,661
Securities-based lending and Other	2,876	1,504	4,380
Total, before ACL	\$ 67,019	\$ 129,548	\$ 196,567
ACL	\$ (730)	\$ (640)	\$ (1,370)

\$ in millions	At December 31, 2023		
	Loans	Lending Commitments	Total
Corporate	\$ 6,758	\$ 91,752	\$ 98,510
Secured lending facilities	39,498	15,589	55,087
Commercial real estate	8,678	266	8,944
Securities-based lending and Other	2,818	915	3,733
Total, before ACL	\$ 57,752	\$ 108,522	\$ 166,274
ACL	\$ (874)	\$ (533)	\$ (1,407)

Institutional Securities Commercial Real Estate Loans and Lending Commitments

By Region

At December 31, 2023				At December 31, 2022			
At December 31, 2024				At December 31, 2023			
\$ in millions	\$ in millions	Loans ₁	LC ₁	Total	Loans ₁	LC ₁	Total

Americas

EMEA

Asia

Total

By Property Type

At December 31, 2023				At December 31, 2022			
At December 31, 2024				At December 31, 2023			
\$ in millions	\$ in millions	Loans ₁	LC ₁	Total	Loans ₁	LC ₁	Total

Office
Industrial
Multifamily
Retail
Hotel
Other
Total

LC—Lending Commitments

1. Amounts include HFI, HFS and FVO loans and lending commitments. HFI loans are presented net of ACL.

The current economic environment and changes in business and consumer behavior have adversely impacted commercial real estate borrowers due to pressure from higher interest rates, tenant lease renewals, and elevated refinancing risks for loans with near-term maturities, among other issues. While we continue to actively monitor all our loan portfolios, the commercial real estate sector remains under heightened focus given the sector’s sensitivity to economic and secular factors, credit conditions, and difficulties specific to certain property types, most notably office.

As of **December 31, 2023** **December 31, 2024** and **December 31, 2022** **December 31, 2023**, our lending against commercial real estate (“CRE”) properties **totaled \$9.4 billion and \$10.3 billion** within the Institutional Securities business segment **which totaled \$10.7 billion and \$9.4 billion, respectively.** This represents

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Risk Disclosures



4.4% and 4.5%, respectively, 4.5% and 5.3% of total exposure reflected in the Institutional Securities Loans and Lending Commitments table above. Those CRE loans are originated for experienced sponsors and are generally secured by specific institutional CRE properties. In many cases, loans are subsequently syndicated or securitized on a full or partial basis, reducing our ongoing exposure.

In addition to the amounts included in the table above, we provide certain secured lending facilities which are typically collateralized by pooled CRE mortgage loans and are included in Secured lending facilities in the Institutional Securities Loans and Lending Commitments Held for Investment table above. These secured lending facilities benefit from structural protections including cross-collateralization and diversification across property types.

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Risk Disclosures



Institutional Securities Allowance for Credit Losses—Loans and Lending Commitments

\$ in millions	Year Ended December 31, 2023				Total
	Secured Lending				
	Corporate	Facilities	CRE	Other	
ACL—Loans					
Beginning balance	\$ 235	\$ 153	\$ 275	\$ 11	674
Gross charge-offs	(34)	—	(129)	(1)	(164)
Recoveries	1	—	—	—	1
Net (charge-offs) recoveries	(33)	—	(129)	(1)	(163)
Provision (release)	37	—	314	5	356
Other	2	—	3	2	7
Ending balance	\$ 241	\$ 153	\$ 463	\$ 17	874
ACL—Lending commitments					
Beginning balance					

	\$ 411	\$ 51	\$ 15	\$ 7	484
Provision (release)	16	18	11	—	45
Other	4	1	—	(1)	4
Ending balance	\$ 431	\$ 70	\$ 26	\$ 6	533
Total ending balance	\$ 672	\$ 223	\$ 489	\$ 23	1,407

CRE—Commercial real estate

\$ in millions	Year Ended December 31, 2024				
	Corporate	Secured Lending Facilities	CRE	SBL and Other	Total
ACL—Loans					
Beginning balance	\$ 241	\$ 153	\$ 463	\$ 17	874
Gross charge-offs	(39)	(11)	(165)	—	(215)
Recoveries	—	—	4	1	5
Net (charge-offs)/recoveries	(39)	(11)	(161)	1	(210)
Provision (release)	2	1	77	1	81
Other	(4)	(3)	(6)	(2)	(15)
Ending balance	\$ 200	\$ 140	\$ 373	\$ 17	730
ACL—Lending commitments					
Beginning balance	\$ 431	\$ 70	\$ 26	\$ 6	533
Provision (release)	86	19	16	—	121
Other	(10)	(1)	(2)	(1)	(14)
Ending balance	\$ 507	\$ 88	\$ 40	\$ 5	640
Total ending balance	\$ 707	\$ 228	\$ 413	\$ 22	1,370

Institutional Securities HFI Loans—Ratios of Allowance for Credit Losses to Balance before Allowance

	At December 31, 2023		At December 31, 2022	
	Contractual Years to Maturity	Total	Contractual Years to Maturity	Total
Corporate	3.6 %	3.6 %	2.9 %	3.6 %
Secured lending facilities	0.4 %	0.4 %	0.3 %	0.4 %
Commercial real estate	5.3 %	3.2 %	4.4 %	5.3 %
Securities-based lending and Other	0.6 %	0.4 %	0.6 %	0.6 %
Total Institutional Securities loans	1.5 %	1.3 %	1.1 %	1.5 %

Wealth Management Loans and Lending Commitments

\$ in millions	At December 31, 2023						At December 31, 2024					
	Contractual Years to Maturity						Contractual Years to Maturity					
	<1	1-5	5-15	>15	Total	<1	1-5	5-15	>15	Total		
Securities-based lending and Other loans												
Residential real estate loans												
Securities-based lending and Other												
Residential real estate												
Total loans, net of ACL												
Lending commitments												
Total exposure												

		At December 31, 2023				
		Contractual Years to Maturity				Total
\$ in millions	\$ in millions	<1	1-5	5-15	>15	
Securities-based lending and Other		\$ 76,923	\$ 7,679	\$ 1,494	\$ 133	\$ 86,229
Residential real estate		1	91	1,255	58,950	60,297
Total loans, net of ACL		\$ 76,924	\$ 7,770	\$ 2,749	\$ 59,083	\$ 146,526
Lending commitments		16,312	2,937	19	344	19,612
Total exposure		\$ 93,236	\$ 10,707	\$ 2,768	\$ 59,427	\$ 166,138

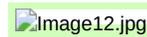
The principal Wealth Management business segment lending activities include Securities-based lending and Residential real estate loans.

Securities-based lending allows clients to borrow money against the value of qualifying securities, generally for any purpose other than purchasing, trading or carrying securities or refinancing margin debt. We establish approved credit lines

against qualifying securities and monitor limits daily and, pursuant to such guidelines, require customers to deposit additional collateral, or reduce debt positions, when necessary. These credit lines are primarily uncommitted loan facilities, as we reserve the right not to make any advances or may terminate these credit lines at any time. Factors considered in the review of these loans include, but are not limited to, the loan amount, the client's credit profile, the degree of leverage, collateral diversification, price volatility and liquidity of the collateral. Other loans primarily include tailored lending, which typically consist of bespoke lending arrangements provided to ultra-high net worth clients. Securities-based lending and Other loans are generally secured by various types of eligible collateral, including marketable securities, private investments, commercial real estate and other financial assets.

Residential real estate loans consist of first- and second-lien mortgages, including HELOCs. Our underwriting policy is designed to ensure that all borrowers pass an assessment of capacity and willingness to pay, which includes an analysis utilizing industry standard credit scoring models (e.g., FICO scores), debt-to-income ratios and assets of the borrower. Mortgage borrowers are required to maintain adequate insurance in accordance with loan terms. LTV ratios are determined based on independent third-party property appraisals and valuations, and security lien positions are established through title and ownership reports. The vast majority of mortgage loans, including HELOCs, are held for investment in the Wealth Management business segment's loan portfolio.

Risk Disclosures



Wealth Management Commercial Real Estate Loans and Lending Commitments by Property Type

		At December 31, 2023			At December 31, 2022					At December 31, 2023		
		At December 31, 2024			At December 31, 2023					At December 31, 2023		
\$ in millions	\$ in millions	Loans:	LC:	Total	Loans:	LC:	Total	\$ in millions	Loans:	LC:	Total	
Retail												
Multifamily												
Office												
Industrial												
Hotel												
Other												
Total												

LC—Lending Commitments

1. Amounts include HFI loans and lending commitments. HFI loans are presented net of ACL.

As of **December 31, 2023** December 31, 2024 and **December 31, 2022** December 31, 2023, our direct lending against CRE properties totaled **\$7.1** **7.7** billion and **\$6.6** **billion** **\$7.1** billion, respectively, within the Wealth Management business segment, which segment. This represents 4.3% and 4.0% 4.3%, respectively, of total exposure reflected in the Wealth Management Loans and Lending Commitments table above, primarily included within Securities-based lending and Other loans. Such loans are originated through our private banking platform, are both secured and generally benefiting from full or partial guarantees from high or ultra-high net worth clients, which partially reduce associated credit risk. At both **December 31, 2023** December 31, 2024 and **December 31, 2022** December 31, 2023, greater than 95% of the CRE loans balance in the Wealth Management business segment received guarantees. During 2024, there were charge-offs of Wealth Management commercial real estate loans of \$25 million, mainly in the office sector. All of our lending against CRE properties within Wealth Management are in the Americas region.

Risk Disclosures



Wealth Management Allowance for Credit Losses—Loans and Lending Commitments

\$ in millions	Year Ended December 31, 2023				Year Ended December 31, 2024			
	\$ in millions	Residential Real Estate	SBL and Other	Total	\$ in millions	Residential Real Estate	SBL and Other	Total
ACL—Loans								
Beginning balance								
Beginning balance								
Beginning balance								
Gross charge-offs								
Recoveries								
Net (charge-offs) recoveries								
Net (charge-offs) recoveries								
Provision (release)								
Other								
Ending balance								
ACL—Lending commitments								
Beginning balance								
Provision (release)								
Other								
Ending balance								
Total ending balance								

As of **December 31, 2023** **December 31, 2024** and **December 31, 2022** **December 31, 2023**, more than 75% of Wealth Management residential real estate loans were to borrowers with "Exceptional" or "Very Good" FICO scores (i.e., exceeding 740). Additionally, Wealth Management's securities-based lending portfolio remains well-collateralized and subject to daily client margining,

which includes requiring customers to deposit additional collateral or reduce debt positions, when necessary.

Customer and Other Receivables

Margin and Other Lending

	At		At	
	December 31, 2023	December 31, 2022	December 31, 2024	December 31, 2023
<i>\$ in millions</i>	<i>\$ in millions</i>		<i>\$ in millions</i>	
Institutional Securities				
Wealth Management				
Total				

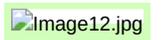
The Institutional Securities and Wealth Management business segments provide margin lending arrangements that allow customers to borrow against the value of qualifying securities, primarily for the purpose of purchasing additional securities, as well as to collateralize short positions. Institutional Securities primarily includes margin loans in the Equity Financing business. Wealth Management includes margin loans as well as non-purpose securities-based lending on non-bank entities. Amounts may fluctuate from period to period as overall client balances change as a result of market levels, client positioning and leverage.

Credit exposures arising from margin lending activities are generally mitigated by their short-term nature, the value of collateral held and our right to call for additional margin when collateral values decline. However, we could incur losses in the event that the customer fails to meet margin calls and collateral values decline below the loan amount. This risk is elevated in loans backed by collateral pools with significant concentrations in individual issuers or securities with similar risk characteristics. For a further discussion, see "Risk Factors—Credit Risk" herein.

Employee Loans

For information on employee loans and related ACL, see Note 9 to the financial statements.

Risk Disclosures



Derivatives

Fair Value of OTC Derivative Assets

	At December 31, 2024											At December 31, 2023										
	<i>\$ in millions</i>	Counterparty Credit Rating:					Total	<i>\$ in millions</i>	Counterparty Credit Rating:					Total								
		AAA	AA	A	BBB	NIG			AAA	AA	A	BBB	NIG									
At December 31, 2023																						
Less than 1 year																						
Less than 1 year																						
Less than 1 year																						
1-3 years																						
3-5 years																						
Over 5 years																						
Total, gross																						
Counterparty netting																						
Cash and securities collateral																						
Total, net																						

At December 31, 2022				
Less than 1 year				
Less than 1 year				
Less than 1 year				
1-3 years				
3-5 years				
Over 5 years				
Total, gross				
Counterparty netting				
Cash and securities collateral				
Total, net				
	At	At	At	At
	December 31,	December 31,	December 31,	December 31,
	2023	2022	2024	2023
<i>\$ in millions</i>	<i>\$ in millions</i>	<i>\$ in millions</i>	<i>\$ in millions</i>	<i>\$ in millions</i>
Industry				
Financials				
Utilities				
Industrials				
Consumer discretionary				
Energy				
Communications services				
Regional governments				
Industrials				
Communications services				
Consumer discretionary				
Consumer staples				
Sovereign governments				
Information technology				
Energy				
Consumer staples				
Materials				
Healthcare				
Materials				
Sovereign governments				
Insurance				
Not-for-profit organizations				
Real estate				
Not-for-profit organizations				
Insurance				
Other				
Total				

1. Counterparty credit ratings are determined internally by the CRM.

We are exposed to credit risk as a dealer in OTC derivatives. Credit risk with respect to derivative instruments arises from the possibility that a counterparty may fail to perform according to the terms of the contract. For a description of our risk mitigation strategies, see "Credit Risk—Risk Mitigation" herein.

Risk Disclosures**Credit Derivatives**

A credit derivative is a contract between a seller and buyer of protection against the risk of a credit event occurring on one

or more debt obligations issued by a specified reference entity. The buyer typically pays a periodic premium over the life of the contract and is protected for the period. If a credit event occurs, the seller is required to make payment to the beneficiary based on the terms of the credit derivative contract. Credit events, as defined in the contract, may be one or more of the following defined events: bankruptcy, dissolution or insolvency of the referenced entity, failure to pay, obligation acceleration, repudiation, payment moratorium and restructuring.

We trade in a variety of credit derivatives and may either purchase or write protection on a single name or portfolio of referenced entities. In transactions referencing a portfolio of entities or securities, protection may be limited to a tranche of exposure or a single name within the portfolio. We are an active market maker in the credit derivatives markets. As a market maker, we work to earn a bid-offer spread on client flow business and manage any residual credit or correlation risk on a portfolio basis. Further, we use credit derivatives to manage our exposure to residential and commercial mortgage loans and corporate lending exposures. The effectiveness of our CDS protection as a hedge of our exposures may vary depending upon a number of factors, including the contractual terms of the CDS.

We actively monitor our counterparty credit risk related to credit derivatives. A majority of our counterparties are composed of banks, broker-dealers, insurance and other financial institutions. Contracts with these counterparties may include provisions related to counterparty rating downgrades, which may result in the counterparty posting additional collateral to us. As with all derivative contracts, we consider counterparty credit risk in the valuation of our positions and recognize CVAs as appropriate within Trading revenues in the income statement.

For additional credit exposure information on our credit derivative portfolio, see Note 6 to the financial statements.

Risk Disclosures

Country Risk

Country risk exposure is the risk that events in, or that affect, a foreign country (any country other than the U.S.) might adversely affect us. We actively manage country risk exposure through a comprehensive risk management framework that combines credit and other market fundamentals and allows us to effectively identify, monitor and limit country risk.

Our obligor credit evaluation process defines country of risk as the country that has the largest economic impact on the obligor and may be different from the obligor's country of jurisdiction. Examples where this applies may include corporations that are incorporated in one country but that derive the bulk of their revenue from another and mutual funds incorporated in one jurisdiction but with a concentration of investments in a different country.

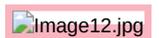
In addition to the direct country risk reflected in the "Top 10 Non-U.S. Country Exposures" table below, we also have indirect country exposure, for example, from collateral received in secured financing transactions or from providing client clearing services. These indirect exposures are managed through the credit and market risk frameworks.

We conduct periodic stress testing that seeks to measure the impact on our credit and market exposures of shocks stemming from negative economic or political scenarios, scenarios including changes to global trade policies and the implementation of tariffs. When deemed appropriate by our risk managers, the stress test scenarios include possible contagion effects and second order risks. This analysis, and results of the stress tests, may result in the amendment of limits or exposure mitigation.

Our sovereign exposures consist of financial contracts and obligations entered into with sovereign and local governments. Our non-sovereign exposures consist of financial contracts and obligations entered into primarily with corporations and financial institutions.

Index credit derivatives are included in the following "Top 10 Non-U.S. Country Exposures" table. Each reference entity within an index is allocated to that reference entity's country of risk. Index exposures are allocated to the underlying reference entities in proportion to the notional weighting of each reference entity in the index, adjusted for any fair value receivable or payable for that reference entity. Where credit risk crosses multiple jurisdictions, for example, a CDS purchased from an issuer in a specific country that references bonds issued by an entity in a different country, the fair value of the CDS is reflected in the Net counterparty exposure row based on the country of the CDS issuer. Further, the notional amount of the CDS adjusted for the fair value of the receivable or payable is reflected in the Net inventory row based on the country of the underlying reference entity.

Risk Disclosures



Top 10 Non-U.S. Country Exposures

At December 31,

	At December 31, 2023						2024				
	\$ in millions	United Kingdom	Korea	France	Brazil	China	\$ in millions	United Kingdom	France	Japan	Brazil

Sovereign

Net inventory¹

Net inventory¹

Net inventory¹

Net counterparty

exposure²

Exposure before hedges

Exposure before hedges

Exposure before hedges

Hedges³

Net exposure

Non-sovereign

Non-sovereign

Net inventory¹

Net inventory¹

Net inventory¹

Net counterparty

exposure²

Loans

Lending

commitments

Exposure before

hedges

Hedges³

Net exposure

Total net exposure

\$ in millions	\$ in millions	Australia	Canada	Spain	India	Germany	\$ in millions	Korea	Spain	Australia	Canada	Italy
----------------	----------------	-----------	--------	-------	-------	---------	----------------	-------	-------	-----------	--------	-------

Sovereign

Net inventory¹

Net inventory¹

Net inventory¹

Net counterparty exposure²

Exposure before hedges

Exposure before hedges

Exposure before hedges

Hedges³

Net exposure

Non-sovereign

Non-sovereign

Non-sovereign

Net inventory¹

Net inventory¹

Net inventory¹

Net counterparty exposure²

Loans

Lending commitments
Exposure before hedges
Hedges
Net exposure
Total net exposure

1. Net inventory represents exposure to both long and short single-name and index positions (Lea), bonds and equities at fair value and CDS based on a notional amount assuming zero recovery adjusted for the fair value of any receivable or payable).
2. Net counterparty exposure (e.g, repurchase transactions, securities lending and OTC derivatives) is net of the benefit of collateral received and also is net by counterparty when legally enforceable master netting agreements are in place. For more information, see "Additional Information—Top 10 Non-U.S. Country Exposures" herein.
3. Amounts represent net CDS hedges (purchased and sold) on net counterparty exposure and lending executed by trading desks responsible for hedging counterparty and lending credit risk exposures. Amounts are based on the CDS notional amount assuming zero recovery adjusted for the fair value of any receivable or payable. For further description of the contractual terms for purchased credit protection and whether they may limit the effectiveness of our hedges, see "Quantitative and Qualitative Disclosures about Risk—Credit Risk—Derivatives" herein.

Risk Disclosures



Additional Information—Top 10 Non-U.S. Country Exposures

transfer and/or limit operational risk exposures, due diligence,

Collateral Held Against Net Counterparty Exposure¹

\$ in millions	Country of Risk	Collateral ²	At December 31,	
			2023	2024
	United Kingdom	U.K., U.S., and France	\$ 7,828	8,618
	Germany Japan	France, Romania, Japan and Switzerland U.S.	4,616	5,637
	Other	Italy, U.S., Spain, and Italy Korea	14,592	18,366

1. The benefit of collateral received is reflected in the Top 10 Non-U.S. Country Exposures at December 31, 2023 December 31, 2024.

2. Primarily consists of cash and government obligations of the countries listed.

Operational Risk

Operational risk refers to the risk of loss, or of damage to our reputation, resulting from inadequate or failed processes or systems, from human factors or from external events (e.g., inappropriate or unlawful conduct) or external events (e.g., cyberattacks or third-party vulnerabilities) that may manifest as, for example, loss of information, business disruption, theft and fraud, legal and compliance risks, or damage to physical assets. We may incur operational risk across the full scope of our business activities, including revenue-generating activities and support and control groups (e.g., IT and trade processing).

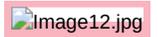
We have established an operational risk framework to identify, measure, monitor and control risk across the Firm. Effective operational risk management is essential to reducing the impact of operational risk incidents and mitigating legal, regulatory and reputational risks. The framework is continually evolving to account for changes in the Firm and to respond to the changing regulatory and business environment.

We have implemented operational risk data and assessment systems to monitor and analyze internal and external operational risk events, to assess business environment and internal control factors, and to perform scenario analysis. The collected data elements are incorporated in the operational risk capital model. The model encompasses both quantitative and qualitative elements. Internal loss data and scenario analysis results are direct inputs to the capital model, while external operational incidents, business environment and internal control factors are evaluated as part of the scenario analysis process.

In addition, we employ a variety of risk processes and mitigants to manage our operational risk exposures. These include a governance framework, a comprehensive risk management program and insurance. Operational risks and associated risk exposures are assessed relative to the risk appetite reviewed and confirmed by the Board and are prioritized accordingly.

The breadth and range of operational risk are such that the types of mitigating activities are wide-ranging. Examples of activities include: continuous enhancement of defenses against cyberattacks, use of legal agreements and contracts to

Risk Disclosures



implementation of enhanced policies and procedures, technology change management controls, exception management processing controls, and segregation of duties.

Primary responsibility for the management of operational risk is with the business segments, the control groups and the business managers therein. The business managers maintain processes and controls designed to identify, assess, manage, mitigate and report operational risk. Each of the business segments has a designated operational risk coordinator. The operational risk coordinator regularly reviews operational risk issues and reports to our senior management within each business. Each control group also has a designated operational risk coordinator and a forum for discussing operational risk matters with our senior management. Oversight of operational risk is provided by the Non-Financial Risk Committee, legal entity risk committees, regional risk committees and senior management. In the event of a merger, joint venture, divestiture, reorganization, or creation of a new legal entity, a new product, or a business activity, operational risks are considered, and any necessary changes in processes or controls are implemented.

The Operational Risk Department provides and Non-Financial Risk Cyber, Technology, and Information Security Department ("NFR CTIS") provide independent oversight of operational risk and assesses, measures assess, measure and monitors monitor operational risk against appetite. The Operational Risk Department works and NFR CTIS work with the divisions and control groups to embed a transparent, consistent and comprehensive framework for managing operational risk within each area and across the Firm.

The Operational Risk Department NFR CTIS scope includes oversight of technology risk, cybersecurity risk, information security risk and compliance. The Operational Risk Department scope includes oversight of the fraud risk management and prevention program, and third-party risk management (supplier and affiliate risk oversight and assessment), among others.

Cybersecurity

For Risk management and strategy

We, our businesses, and the broader financial services industry face an increasingly complex and evolving threat environment. We have made and continue to make substantial investments in cybersecurity and fraud prevention technology, and employ experienced talent to lead our Cybersecurity and Information Security organizations and program under the oversight of the Board and the BOTC. See "Risk Factors—Operational Risk" for information on risks to the Firm from cybersecurity threats.

As part of the ERM framework, we have implemented and maintain a program to assess, identify and manage risks arising from the cybersecurity threats confronting the Firm ("Cybersecurity Program"). Our Cybersecurity Program helps

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protect our clients, customers, employees, property, products, services and reputation by seeking to preserve the confidentiality, integrity and availability of information, enable the secure delivery of financial services, and protect the business and the safe operation of our technology systems. We continually adjust our Cybersecurity Program to address the evolving cybersecurity threat landscape and comply with extensive legal and regulatory expectations.

Processes for assessing, identifying and managing material risks from cybersecurity threats

Our Cybersecurity Program takes into account industry best practices and addresses risks from cybersecurity threats to our network, infrastructure, computing environment and the third parties that we rely on. We periodically assess the design of our cybersecurity controls against the Cyber Risk Institute Cyber Profile, which is based on the National Institute of Standards and Technology (“NIST”) Cybersecurity Framework for Improving Critical Infrastructure Cybersecurity, as well as global cybersecurity regulations, and develop improvements to those controls in response to that assessment. Our Cybersecurity Program also includes cybersecurity and information security policies, procedures and technologies that are designed to address regulatory requirements and protect our clients’, employees’ and own data against unauthorized disclosure, modification and misuse. These policies, procedures and technologies cover a broad range of areas, including: identification of internal and external threats, access control, data security, protective controls, detection of malicious or unauthorized activity, incident response and recovery planning. See also “Firm Resilience” herein for a discussion of our resilience program that is designed to mitigate the impacts of cybersecurity events and other risks.

Our threat intelligence function within the Cybersecurity Program actively engages in private and public information-sharing communities and leverages both commercial and proprietary products to collect a wide variety of industry and governmental information regarding the latest cybersecurity threats, which informs our cybersecurity risk assessments and strategy. This information is also provided to an internal cyber threat detection team, which develops and implements strategies designed to defend against these cybersecurity threats across our environment. Our vulnerability management team, as well as NFR, also reviews external cybersecurity incidents that may be relevant to the Firm to further inform the design of our Cybersecurity Program. To assess the efficacy of our controls and defenses designed to mitigate cybersecurity risk, we utilize internal and external testing, including penetration testing and red team engagements. The results of these assessments are used to strengthen the Cybersecurity Program. Additionally, we maintain a global training program covering cybersecurity risks and requirements, including heightened security training to specialized employees, and conduct regular phishing email simulations for our employees and consultants as preventative measures.

When a threat is identified in our environment, our incident response team follows an incident response plan to evaluate the impact to the Firm and coordinate appropriate remediation. If warranted, the cybersecurity incident will be reported to applicable regulators, authorities, impacted clients or counterparties, as appropriate. The Firm’s cybersecurity incident response and remediation processes, including assessing materiality and reporting requirements, are reviewed through tabletop exercises.

Our processes are designed to help oversee, identify and mitigate cybersecurity risks associated with our use of third-party vendors. We maintain a third-party risk management program that evaluates and responds to cybersecurity risks at our third-party vendors. Prior to engaging third-party vendors to provide services to the Firm, we assess the third-party vendors’ cybersecurity programs to identify cybersecurity risks arising from the use of those vendors’ services. Once onboarded, third-party vendors’ cybersecurity programs are subject to risk-based oversight, which may include security questionnaires, submission of independent security audit reports or a Firm audit of the third-party vendor’s security program, and, with limited exceptions, third-party vendors are required to meet our minimum cybersecurity standards. Where a third-party vendor cannot meet those standards, its services, and the residual risk to the Firm, are subject to review, challenge and escalation through our risk management processes and ERM committees, which may ultimately result in requesting increased security measures or ceasing engagement with such third-party vendor.

Our Cybersecurity Program is regularly assessed by IAD through various assurance activities, with the results reported to the BAC and the BOTC. Annually, key elements of the Cybersecurity Program are subject to review by an independent third party, the results of which, including opportunities identified for improvement and related remediation plans, are reviewed with the BOTC. Our Cybersecurity Program is also examined regularly by the Firm’s prudential and conduct regulators within the scope of their jurisdiction.

Governance

Management’s role in assessing and managing material risks from cybersecurity threats

Our Cybersecurity Program is operated and maintained by management, including the Chief Information Officer of Cyber, Data, Risk and Resilience (“CIO”) and the Chief Information Security Officer (“CISO”). These senior officers are responsible for assessing and managing the Firm’s cybersecurity risks. Our Cybersecurity Program strategy, which is set by the CISO and overseen by the Head of Cyber, Technology, and Information Security Non-Financial Risk (“Head of NFR CTIS”), is informed by various risk and control assessments, control testing, external assessments, threat intelligence, and public and private information sharing. Our Cybersecurity Program also includes processes

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for escalating and considering the materiality of incidents that impact the Firm, including escalation to senior management and the Board.

The members of management that lead our Cybersecurity Program and strategy have extensive experience in technology, cybersecurity and information security. The CIO has over 30 years of experience in various engineering, IT, operations and information security roles. The CISO has over 25 years of experience leading cybersecurity teams at financial institutions, including in the areas of IT strategy, risk management and information security. The Head of NFR CTIS has over 20 years of experience in technology, security and compliance roles, including experience in government security agencies.

Risk levels and mitigating measures are presented to and monitored by dedicated management-level cybersecurity risk committees. These committees include representatives from Firm management as well as business and control stakeholders who review, challenge and, where appropriate, consider exceptions to our policies and procedures. Significant cybersecurity risks are escalated from these committees to our Non-Financial Risk Committee. The CIO and the Head of NFR CTIS report on the status of our Cybersecurity Program, including significant cybersecurity risks; review metrics related to the program; and discuss the status of regulatory and remedial actions and incidents to the FRC, the BOTC and the Board, as appropriate. For more information regarding the Firm's ERM framework, see "Cybersecurity: Quantitative and Qualitative Disclosures about Risk—Risk Management."

Board of Directors' oversight of risks from cybersecurity threats

As discussed above, material cybersecurity risks are addressed by management-level ERM committees with escalation to the BOTC and Board, as appropriate. The BOTC has primary responsibility for assisting the Board in its oversight of significant operational risk exposures of the Firm and its business units, including IT, information security, fraud, third-party oversight, business disruption and resilience, and cybersecurity risks (including review of cybersecurity risks against established risk management methodologies) and the steps management has taken to monitor and control such exposures.

In accordance with its charter, the BOTC receives quarterly reports from (i) Technology, including the CIO or the CISO; (ii) Operations; and (iii) NFR. Such reporting includes updates on our Cybersecurity Program, risks from cybersecurity threats, our programs to address and mitigate the risks associated with the evolving cybersecurity threat environment, and NFR's assessment of cybersecurity risks. Senior officers in Technology and NFR also provide an annual report to the BOTC on the status of our broader information security program in compliance with the Gramm-Leach-Bliley Act, which includes a discussion of risks arising

applied consistently Firmwide and is aligned with regulatory requirements.

Third-Party Risk Management

In connection with our ongoing operations, we utilize the products and/or services of third-party suppliers, third parties, which we anticipate will continue and may increase in the future. These products and/or services include, for example, outsourced processing and support functions and other professional services. Our risk-based approach to managing exposure to these services our third parties includes the performance of due diligence, implementation of service-level and other contractual agreements, consideration of operational risks and ongoing monitoring of third-party suppliers' performance, the performance of our third parties. We maintain and continue to enhance our third-party risk management program, which is designed to align with our risk tolerance and meet regulatory requirements. The program includes appropriate governance, policies, procedures and enabling technology. The third-party risk management program includes the adoption of appropriate risk management controls and practices throughout the third-party management life cycle to manage risk of service failure, risk of data loss and reputational risk, among others.

from cybersecurity threats. At least annually, senior management representatives in Technology and NFR discuss the status of the Cybersecurity Program and key cybersecurity risks with the Board and, in accordance with the Board's Corporate Governance Policies, all Board members are invited to attend BOTC meetings and have access to meeting materials. The BOTC, which meets at least quarterly, also reviews and approves significant policies related to cybersecurity, receives an annual independent assessment of key aspects of our Cybersecurity Program from an independent third party and holds joint meetings with the BAC and BRC, as necessary and appropriate. The chair of the BOTC regularly discusses cybersecurity developments with senior management, including the senior officers mentioned above, and reports to the Board on cybersecurity risks and threats and other related matters.

Firm Resilience

The Firm's critical processes and businesses could be disrupted by events including cyberattacks, failure or loss of access to technology and/or associated data, military conflicts, acts of terror, natural disasters, severe weather events and infectious disease. The Firm maintains a Firmwide resilience program that is designed to provide for operational resilience and enable it to respond to and recover critical processes and supporting assets in the event of a disruption impacting our people, technology, facilities and third parties. The key elements of the Firm's resilience program include business continuity management, technology disaster recovery, third party resilience and key business service resilience. Resilience testing is performed both internally and with critical third parties to validate recovery capability in accordance with business requirements. The Firm's resilience program is

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Model Risk

Model risk refers to is the potential for adverse consequences from decisions based on incorrect or misused model outputs. Model risk can lead to financial loss, poor business and strategic decision-making, noncompliance with applicable laws and/or regulations or damage to our the Firm's reputation. The risk inherent in a model is a function of the materiality, complexity and uncertainty around inputs and assumptions.

Model risk is generated from the use of models impacting financial statements, regulatory filings, capital adequacy assessments and the formulation of strategy.

Sound model risk management is an integral part of our Risk Management Framework. The Model Risk Management Department ("MRM") is a distinct department in Risk Management responsible for the oversight of model risk.

The MRM establishes a model risk tolerance in line with our risk appetite. The tolerance is based on an assessment of the materiality of the risk of financial loss or reputational damage due to errors in design, implementation and/or inappropriate use of models. The tolerance is monitored through model-specific and aggregate business-level assessments, which are based upon qualitative and quantitative factors.

The effective challenge of models consists of critical analysis by objective, informed parties who can identify model limitations and assumptions and drive appropriate changes. The MRM provides effective challenge of models, independently validates and approves models for use, annually recertifies models, periodically revalidates, identifies and tracks remediation plans for model limitations and reports on model risk metrics. The department also oversees the

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development of controls to support a complete and accurate Firmwide model inventory.

Liquidity Risk

Liquidity risk refers to the risk that we will be unable to finance our operations due to a loss of access to the capital markets or difficulty in liquidating our assets. Liquidity risk also encompasses our ability (or perceived ability) to meet our financial obligations without experiencing significant business disruption or reputational damage that may threaten our viability as a going concern. Liquidity risk also encompasses the associated funding risks triggered by the market or idiosyncratic stress events that may negatively affect our liquidity and may impact our ability to raise new **funding or the cost of new** funding. Generally, we incur liquidity and funding risk as a result of our trading, lending, investing and client facilitation activities.

Our Liquidity Risk Management Framework is critical to helping ensure that we maintain sufficient liquidity reserves and durable funding sources to meet our daily obligations and to withstand unanticipated stress events. The Liquidity Risk

Department is a distinct area in Risk Management responsible for the oversight and monitoring of liquidity risk. The Liquidity Risk Department ensures transparency of material liquidity and funding risks, compliance with established risk limits and escalation of risk concentrations to appropriate senior management.

To execute these responsibilities, the Liquidity Risk Department establishes limits in line with our risk appetite, identifies and analyzes emerging liquidity and funding risks to ensure such risks are appropriately mitigated, monitors and reports risk exposures against metrics and limits, and reviews the methodologies and assumptions underpinning our Liquidity Stress Tests to ensure sufficient liquidity and funding under a range of adverse scenarios.

The Treasury Department and applicable business units have primary responsibility for evaluating, monitoring and controlling the liquidity and funding risks arising from our business activities and for maintaining processes and controls to manage the key risks inherent in their respective areas. The Liquidity Risk Department coordinates with the Treasury Department and these business units to help ensure a consistent and comprehensive framework for managing liquidity and funding risk across the Firm. See also "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources" herein.

Legal, Regulatory and Compliance Risk

Legal, regulatory and compliance risk includes the risk of legal or regulatory sanctions, material financial loss, including fines, penalties, judgments, damages and/or settlements, limitations on our business, or loss to reputation that we may suffer as a result of failure to comply with laws, regulations,

rules, related self-regulatory organization standards and codes of conduct applicable to our business activities. This risk also includes contractual and commercial risk, such as the risk that a counterparty's performance obligations will be unenforceable. It also includes compliance with AML, terrorist financing, and anti-corruption rules and regulations. We are generally subject to extensive regulation in the different jurisdictions in which we conduct our business (see also "Business—Supervision and Regulation" and "Risk Factors").

We have established procedures based on legal and regulatory requirements on a worldwide basis that are designed to facilitate compliance with applicable statutory and regulatory requirements and to require that our policies relating to business conduct, ethics and practices are followed globally. In addition, we have established procedures to mitigate the risk that a counterparty's performance obligations will be unenforceable, including consideration of counterparty legal authority and capacity, adequacy of legal documentation, the permissibility of a transaction under applicable law and whether applicable bankruptcy or insolvency laws limit or alter contractual remedies. The heightened legal and

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regulatory focus on the financial services and banking industries globally presents a continuing business challenge for us.

Climate Risk

Climate change manifests as physical and transition risks. The physical risks of climate change include harm to people and property arising from acute climate-related events, such as floods, hurricanes, heatwaves, droughts and wildfires, and chronic, longer-term shifts in climate patterns, such as higher global average temperatures, rising sea levels and long-term droughts. The transition risk of climate change include policy, legal, technology and market changes. Examples of these transition risks include changes in consumer **behavior** and business sentiment, related technologies, shareholder preferences and any additional regulatory and legislative requirements, including increased disclosure or **regulation of carbon taxes, emissions.**

Climate risk, which is not expected to have a significant effect on our consolidated results of operations or financial condition in the near term, is an overarching risk that can impact other categories of risk. Physical risk may lead to increased credit risk by diminishing borrowers' repayment capacity or impacting the value of collateral. In addition, physical risk could pose increased operational risk to our facilities and people. The impacts of transition risk may lead to and amplify credit **market** or liquidity risk by reducing our customers' operating income or the value of their assets as well as exposing us to reputational, compliance and/or litigation risk due to increased legal and regulatory scrutiny or negative public sentiment.

As climate risk is interconnected with other risk types, we have developed and continue to enhance processes to embed climate risk considerations into our risk management

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practices and governance structures. The BRC oversees Firmwide risks, which include climate risk, and, as part of its oversight, receives updates on our risk management approach to climate risk, including our approaches toward scenario analysis and integration of climate risk into our existing risk management processes. Our climate risk management efforts are overseen by the Climate Risk Committee, which is co-chaired by our Chief Risk Officer and Chief Sustainability Officer and shapes our approach to managing climate-related risks in line with our overall risk framework.

Financial Statements and Supplementary Data

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors of Morgan Stanley:

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Morgan Stanley and subsidiaries (the "Firm") as of **December 31, 2023** **December 31, 2024** and **2022, 2023**, the related consolidated income statements, comprehensive income statements, cash flow statements and statements of changes in total equity for each of the three years in the period ended **December 31, 2023** **December 31, 2024**, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Firm as of **December 31, 2023** **December 31, 2024** and **2022, 2023**, and the results of its operations and its cash flows for each of the three years in the period ended **December 31, 2023** **December 31, 2024**, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Firm's internal control over financial reporting as of **December 31, 2023** **December 31, 2024**, based on criteria established in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated **February 22, 2024** **February 21, 2025**, expressed an unqualified opinion on the Firm's internal control over financial reporting.

Basis for Opinion

These financial statements are the responsibility of the Firm's management. Our responsibility is to express an opinion on the Firm's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Firm in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current-period audit of the financial statements that was communicated or required to be communicated to the audit committee and that (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Valuation of Level 3 Financial Assets and Liabilities Carried at Fair Value on a Recurring Basis and Level 3 Loans Held for Sale — Refer to Note 4 to the financial statements

Critical Audit Matter Description

The Firm's trading and financing activities result in the Firm carrying material financial instruments having limited price transparency. These financial instruments can span a broad array of product types and generally include derivatives, securities, loans, and borrowings. As described in Note 4, these Level 3 financial assets and liabilities carried at fair value on a recurring basis approximate **\$9.3 billion** **\$6.8 billion** and **\$6.2 billion** **\$4.1 billion**, respectively, and the Level 3 loans held for sale approximate **\$6.7 billion** **\$6.1 billion** at **December 31, 2023** **December 31, 2024**. Unlike financial instruments whose inputs are readily observable and, therefore, more easily independently corroborated, the valuation of these financial instruments is inherently subjective and often involves the use of unobservable inputs and proprietary valuation models whose underlying algorithms and valuation methodologies are complex.

We identified the valuation of Level 3 financial assets and liabilities carried at fair value on a recurring basis and Level 3 loans held for sale as a critical audit matter given the Firm uses complex valuation models and/or valuation inputs that are not observable in the marketplace to determine the respective carrying values. Performing our audit procedures to evaluate the appropriateness of these models and inputs involved a high degree of auditor judgment, professionals with specialized skills and knowledge, and an increased extent of testing.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to the valuation of Level 3 financial assets and liabilities carried at fair value on a recurring basis and Level 3 loans held for sale included the following, among others:

- We tested the design and operating effectiveness of the Firm's model review and price verification controls. The Firm maintains these internal controls to assess the appropriateness

of its valuation methodologies and the relevant inputs and assumptions.

- We independently evaluated the appropriateness of management's valuation methodologies, for selected financial instruments, including the input assumptions, considering the expected assumptions of other market participants and external data when available.
- We developed independent estimates for selected financial instruments, using externally sourced inputs and independent valuation models, and used such estimates to further evaluate management's estimates. For certain of our selected financial instruments, this included a comparison to the Firm's estimates for similar transactions and an evaluation of the Firm's assumptions inclusive of the inputs, as applicable.
- We tested the revenues arising from the trade date fair value estimates for selected structured transactions for which we developed independent fair value estimates to test the valuation inputs and assumptions used by the Firm and evaluated whether these methods were consistent with the Firm's relevant valuation policies.
- We assessed the consistency by which management has applied significant and unobservable valuation assumptions used in developing the Firm's estimates.
- We performed a retrospective assessment of management's fair value estimates for certain of our selected financial instruments, for which there were events or transactions occurring after the valuation date. We did so by comparing management's estimates to the relevant evidence provided by such events or transactions, as applicable.

/s/ Deloitte & Touche LLP
 New York, New York
 February 22, 2024 21, 2025

We have served as the Firm's auditor since 1997.

Consolidated Income Statement



<i>in millions, except per share data</i>	<i>in millions, except per share data</i>			<i>in millions, except per share data</i>		
	2023	2022	2021	2024	2023	2022
Revenues						
Investment banking						
Investment banking						
Investment banking						
Trading						
Investments						
Commissions and fees						
Asset management						
Other						
Total non-interest revenues						
Interest income						
Interest expense						
Interest income:						
Interest expense:						
Net interest						
Net revenues						
Provision for credit losses						

Non-interest expenses
Compensation and benefits
Compensation and benefits
Compensation and benefits
Brokerage, clearing and exchange fees
Information processing and communications
Professional services
Occupancy and equipment
Marketing and business development
Other
Total non-interest expenses
Income before provision for income taxes
Provision for income taxes
Net income
Net income
Net income
Net income applicable to noncontrolling interests
Net income applicable to Morgan Stanley
Preferred stock dividends
Earnings applicable to Morgan Stanley common shareholders
Earnings per common share
Basic
Basic
Basic
Diluted
Average common shares outstanding
Basic
Basic
Basic
Diluted

1. 2023 amounts have been adjusted to conform with the current period presentation. See Note 2 for additional information.

Consolidated Comprehensive Income Statement

<i>\$ in millions</i>	<i>\$ in millions</i>	2023	2022	2021	<i>\$ in millions</i>	2024	2023	2022
Net income								
Other comprehensive income (loss), net of tax:								
Foreign currency translation adjustments								
Foreign currency translation adjustments								
Foreign currency translation adjustments								
Change in net unrealized gains (losses) on available-for-sale securities								
Pension and other								
Change in net debt valuation adjustment								
Net change in cash flow hedges								
Total other comprehensive income (loss)								
Comprehensive income								
Net income applicable to noncontrolling interests								
Other comprehensive income (loss) applicable to noncontrolling interests								
Comprehensive income applicable to Morgan Stanley								

Consolidated Balance Sheet



<i>\$ in millions, except share data</i>	At December 31, 2023	At December 31, 2022	<i>\$ in millions, except share data</i>	At December 31, 2024	At December 31, 2023
Assets					
Cash and cash equivalents					
Cash and cash equivalents					
Cash and cash equivalents					
Trading assets at fair value (\$162,698 and \$124,411 were pledged to various parties)					
Trading assets at fair value (\$148,945 and \$162,698 were pledged to various parties)					
Investment securities:					
Available-for-sale at fair value (amortized cost of \$92,149 and \$89,772)					
Available-for-sale at fair value (amortized cost of \$92,149 and \$89,772)					
Available-for-sale at fair value (amortized cost of \$92,149 and \$89,772)					
Held-to-maturity (fair value of \$57,453 and \$65,006)					
Securities purchased under agreements to resell (includes \$7 and \$8 at fair value)					
Available-for-sale at fair value (amortized cost of \$101,960 and \$92,149)					
Available-for-sale at fair value (amortized cost of \$101,960 and \$92,149)					
Available-for-sale at fair value (amortized cost of \$101,960 and \$92,149)					
Held-to-maturity (fair value of \$51,203 and \$57,453)					
Securities purchased under agreements to resell (includes \$— and \$7 at fair value)					
Securities borrowed					
Customer and other receivables					
Loans:					
Held for investment (net of allowance for credit losses of \$1,169 and \$839)					
Held for investment (net of allowance for credit losses of \$1,169 and \$839)					
Held for investment (net of allowance for credit losses of \$1,169 and \$839)					
Held for investment (net of allowance for credit losses of \$1,066 and \$1,169)					
Held for investment (net of allowance for credit losses of \$1,066 and \$1,169)					
Held for investment (net of allowance for credit losses of \$1,066 and \$1,169)					
Held for sale					
Goodwill					
Intangible assets (net of accumulated amortization of \$4,847 and \$4,253)					
Intangible assets (net of accumulated amortization of \$5,445 and \$4,847)					
Other assets					
Total assets					
Liabilities					
Deposits (includes \$6,472 and \$4,796 at fair value)					
Deposits (includes \$6,472 and \$4,796 at fair value)					

Deposits (includes \$6,472 and \$4,796 at fair value)
Deposits (includes \$6,499 and \$6,472 at fair value)
Deposits (includes \$6,499 and \$6,472 at fair value)
Deposits (includes \$6,499 and \$6,472 at fair value)
Trading liabilities at fair value
Securities sold under agreements to repurchase (includes \$1,020 and \$864 at fair value)
Securities sold under agreements to repurchase (includes \$956 and \$1,020 at fair value)
Securities loaned
Other secured financings (includes \$9,899 and \$4,550 at fair value)
Other secured financings (includes \$14,088 and \$9,899 at fair value)
Customer and other payables
Other liabilities and accrued expenses
Borrowings (includes \$93,900 and \$78,720 at fair value)
Borrowings (includes \$103,332 and \$93,900 at fair value)

Total liabilities

Commitments and contingent liabilities (see Note 14)	Commitments and contingent liabilities (see Note 14)	Commitments and contingent liabilities (see Note 14)
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Equity

Morgan Stanley shareholders' equity:
Morgan Stanley shareholders' equity:
Morgan Stanley shareholders' equity:

Preferred stock
Preferred stock
Preferred stock

Common stock, \$0.01 par value:

Shares authorized: 3,500,000,000; Shares issued: 2,038,893,979; Shares outstanding: 1,626,828,437 and 1,675,487,409
Shares authorized: 3,500,000,000; Shares issued: 2,038,893,979; Shares outstanding: 1,626,828,437 and 1,675,487,409
Shares authorized: 3,500,000,000; Shares issued: 2,038,893,979; Shares outstanding: 1,626,828,437 and 1,675,487,409
Shares authorized: 3,500,000,000; Shares issued: 2,038,893,979; Shares outstanding: 1,606,653,706 and 1,626,828,437
Shares authorized: 3,500,000,000; Shares issued: 2,038,893,979; Shares outstanding: 1,606,653,706 and 1,626,828,437
Shares authorized: 3,500,000,000; Shares issued: 2,038,893,979; Shares outstanding: 1,606,653,706 and 1,626,828,437

Additional paid-in capital

Retained earnings

Employee stock trusts

Accumulated other comprehensive income (loss)

Common stock held in treasury at cost, \$0.01 par value (412,065,542 and 363,406,570 shares)

Common stock held in treasury at cost, \$0.01 par value (432,240,273 and 412,065,542 shares)

Common stock issued to employee stock trusts

Total Morgan Stanley shareholders' equity

Noncontrolling interests

Total equity

Total liabilities and equity

Consolidated Statement of Changes in Total Equity



<i>\$ in millions</i>	<i>\$ in millions</i>	2023	2022	2021	<i>\$ in millions</i>	2024	2023	2022
Preferred Stock								
Preferred stock								
Beginning balance								
Beginning balance								
Beginning balance								
Issuance of preferred stock								
Redemption of preferred stock								
Ending balance								
Ending balance								
Ending balance								
Common Stock								
Common stock								
Beginning and ending balance								
Beginning and ending balance								
Beginning and ending balance								
Additional Paid-in Capital								
Additional paid-in capital								
Beginning balance								
Beginning balance								
Beginning balance								
Share-based award activity								
Issuance of preferred stock								
Issuance of common stock for the acquisition of Eaton Vance								
Other net increases (decreases)								
Other net increases (decreases)								
Other net increases (decreases)								
Ending balance								
Retained Earnings								
Retained earnings								
Beginning balance								
Beginning balance								
Beginning balance								
Cumulative adjustment related to the adoption of accounting standard update ¹								
Net income applicable to Morgan Stanley								
Net income applicable to Morgan Stanley								
Net income applicable to Morgan Stanley								
Preferred stock dividends ¹								
Common stock dividends ¹								
Preferred stock dividends ²								
Common stock dividends ²								
Other net increases (decreases)								

Ending balance
Employee Stock Trusts
Employee stock trusts
Beginning balance
Beginning balance
Beginning balance
Share-based award activity
Ending balance
Accumulated Other Comprehensive Income (Loss)
Accumulated other comprehensive income (loss)
Beginning balance
Beginning balance
Beginning balance
Net change in Accumulated other comprehensive income (loss)
Ending balance
Common Stock Held in Treasury at Cost
Common stock held in treasury at cost
Beginning balance
Beginning balance
Beginning balance
Share-based award activity
Repurchases of common stock and employee tax withholdings
Issuance of common stock for the acquisition of Eaton Vance
Ending balance
Ending balance
Ending balance
Common Stock Issued to Employee Stock Trusts
Common stock issued to employee stock trusts
Beginning balance
Beginning balance
Beginning balance
Share-based award activity
Ending balance
Noncontrolling Interests
Noncontrolling interests
Beginning balance
Beginning balance
Beginning balance
Net income applicable to noncontrolling interests
Net change in Accumulated other comprehensive income (loss) applicable to noncontrolling interests
Other net increases (decreases)
Ending balance
Total Equity
Total equity

1. The Firm adopted the *Investments - Tax Credit Structures* accounting standard update on January 1, 2024. Refer to Note 2 for further information.

2. See Note 17 for information regarding dividends per share for each class of stock.

Consolidated Cash Flow Statement



<i>\$ in millions</i>	<i>\$ in millions</i>	2023	2022	2021	<i>\$ in millions</i>	2024	2023	2022
Cash flows from operating activities								
Net income								
Net income								
Net income								
Adjustments to reconcile net income to net cash provided by (used for) operating activities:								
Deferred income taxes								
Deferred income taxes								
Deferred income taxes								
Stock-based compensation expense								
Depreciation and amortization								
Provision for credit losses								
Other operating adjustments								
Changes in assets and liabilities:								
Trading assets, net of Trading liabilities								
Trading assets, net of Trading liabilities								
Trading assets, net of Trading liabilities								
Securities borrowed								
Securities borrowed								
Securities borrowed								
Securities loaned								
Customer and other receivables and other assets								
Customer and other payables and other liabilities								
Securities purchased under agreements to resell								
Securities sold under agreements to repurchase								
Net cash provided by (used for) operating activities								
Cash flows from investing activities								
Proceeds from (payments for):								
Proceeds from (payments for):								
Proceeds from (payments for):								
Other assets—Premises, equipment and software								
Other assets—Premises, equipment and software								
Other assets—Premises, equipment and software								
Changes in loans, net								
AFS securities:								
Purchases								
Purchases								
Purchases								
Proceeds from sales								
Proceeds from paydowns and maturities								
HTM securities:								
Purchases								
Purchases								
Purchases								
Proceeds from paydowns and maturities								
Cash paid as part of the Eaton Vance acquisition, net of cash acquired								

Other investing activities
Net cash provided by (used for) investing activities
Cash flows from financing activities
Net proceeds from (payments for):
Net proceeds from (payments for):
Net proceeds from (payments for):
Other secured financings
Other secured financings
Other secured financings
Deposits
Issuance of preferred stock, net of issuance costs
Proceeds from issuance of Borrowings
Payments for:
Borrowings
Borrowings
Borrowings
Repurchases of common stock and employee tax withholdings
Cash dividends
Other financing activities
Net cash provided by (used for) financing activities
Effect of exchange rate changes on cash and cash equivalents
Net increase (decrease) in cash and cash equivalents
Cash and cash equivalents, at beginning of period
Cash and cash equivalents, at end of period
Supplemental Disclosure of Cash Flow Information
Cash payments for:
Cash payments for:
Cash payments for:
Interest
Interest
Interest
Income taxes, net of refunds

See Notes to Consolidated Financial Statements

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Notes to Consolidated Financial Statements



1. Introduction and Basis of Presentation

insurance companies, third-party fund sponsors and

The Firm

Morgan Stanley is a global financial services firm that maintains significant market positions in each of its business segments—Institutional Securities, Wealth Management and Investment Management. Morgan Stanley, through its subsidiaries and affiliates, provides a wide variety of products and services to a large and diversified group of clients and customers, including corporations, governments, financial institutions and individuals. Unless the context otherwise requires, the terms “Morgan Stanley” or the “Firm” mean Morgan Stanley (the “Parent Company”) together with its consolidated subsidiaries. See the “Glossary of Common Terms and Acronyms” for the definition of certain terms and acronyms used throughout this Form 10-K.

A description of the clients and principal products and services of each of the Firm’s business segments is as follows:

Institutional Securities provides a variety of products and services to corporations, governments, financial institutions and ultra-high net worth clients. Investment Banking services consist of capital raising and financial advisory services, including the underwriting of debt, equity securities and other products, as well as advice on mergers and acquisitions, restructurings and project finance. Our Equity and Fixed Income businesses include sales, financing, prime brokerage, market-making, Asia wealth management services and certain business-related investments. Lending activities include originating corporate loans and commercial real estate loans, providing secured lending facilities, and extending securities-based and other financing to **customers, clients**. Other activities include research.

Wealth Management provides a comprehensive array of financial services and solutions to individual investors and small to medium-sized businesses and **institutions covering: institutions. Wealth Management covers:** financial advisor-led brokerage, custody, administrative and investment advisory services; self-directed brokerage services; financial and wealth planning services; workplace services, including stock plan administration; securities-based lending, residential **and commercial** real estate loans and other lending products; banking; and retirement plan services.

Investment Management provides a broad range of investment strategies and products that span geographies, asset classes, and public and private markets to a diverse group of clients across institutional and intermediary channels. Strategies and products, which are offered through a variety of investment vehicles, include equity, fixed income, alternatives and solutions, and liquidity and overlay services. Institutional clients include defined benefit/defined contribution plans, foundations, endowments, government entities, sovereign wealth funds,

corporations. Individual clients are generally served through intermediaries, including affiliated and non-affiliated distributors.

Basis of Financial Information

The financial statements are prepared in accordance with U.S. GAAP, which requires the Firm to make estimates and assumptions regarding the valuations of certain financial instruments, the valuations of goodwill and intangible assets, the outcome of legal and tax matters, deferred tax assets, ACL, and other matters that affect its financial statements and related disclosures. The Firm believes that the estimates utilized in the preparation of its financial statements are prudent and reasonable. Actual results could differ materially from these estimates.

The Notes are an integral part of the Firm’s financial statements. The Firm has evaluated subsequent events for adjustment to or disclosure in these financial statements through the date of this report and has not identified any recordable or disclosable events not otherwise reported in these financial statements or the notes thereto.

Consolidation

The financial statements include the accounts of the Firm, its wholly owned subsidiaries and other entities in which the Firm has a controlling financial interest, including certain VIEs (see Note 15). Intercompany balances and transactions have been eliminated. For consolidated subsidiaries that are not wholly owned, the third-

party holdings of equity interests are referred to as Noncontrolling interests. The net income attributable to Noncontrolling interests for such subsidiaries is presented as Net income applicable to noncontrolling interests in the income statement. The portion of shareholders' equity that is attributable to Noncontrolling interests for such subsidiaries is presented as Noncontrolling interests, a component of Total equity, in the balance sheet.

For entities where the total equity investment at risk is sufficient to enable the entity to finance its activities without additional subordinated financial support and the equity holders bear the residual economic risks and returns of the entity and have the power to direct the activities of the entity that most significantly affect its economic performance, the Firm consolidates those entities it controls either through a majority voting interest or otherwise. For VIEs (i.e., entities that do not meet the aforementioned criteria), the Firm consolidates those entities where it has the power to make the decisions that most significantly affect the economic performance of the VIE and has the obligation to absorb losses or the right to receive benefits that could potentially be significant to the VIE.

For investments in entities in which the Firm does not have a controlling financial interest but has significant influence over operating and financial decisions, it applies the equity method of accounting with net gains and losses recorded within Other

Notes to Consolidated Financial Statements



of accounting with net gains and losses recorded within Other revenues (see Note 11) unless the Firm has elected to measure the investment at fair value, in which case net gains and losses are recorded within Investments revenues (see Note 5).

Equity and partnership interests held by entities qualifying for accounting purposes as investment companies are carried at fair value.

The Firm's significant regulated U.S. and international subsidiaries include:

- Morgan Stanley & Co. LLC ("MS&Co."),
- Morgan Stanley Smith Barney LLC ("MSSB"),
- Morgan Stanley Europe SE ("MSESE"),
- Morgan Stanley & Co. International plc ("MSIP"),
- Morgan Stanley Capital Services LLC ("MSCS"),
- Morgan Stanley Capital Group Inc. ("MSCG"),
- Morgan Stanley MUFG Securities Co., Ltd. ("MSMS"),
- Morgan Stanley Bank, N.A. ("MSBNA") and
- Morgan Stanley Private Bank, National Association ("MSPBNA").

For further information on the Firm's significant regulated U.S. and international subsidiaries, see Note 16.

2. Significant Accounting Policies

Presentation Changes in 2024

In the first quarter of 2024, the Firm implemented certain presentation changes which resulted in a decrease to both interest income and interest expense of \$4,432 million for the year ended December 31, 2023, and no effect on net interest income, with the entire impact to the Firm recorded within the Institutional Securities segment. These changes further aligned the accounting treatment between the balance sheet and the related interest income or expense, primarily by offsetting interest income and expense for certain prime brokerage-related customer receivables and payables that are currently accounted for as a single unit of account on the balance sheet. The current and previous presentation of these interest income and interest expense amounts are acceptable and the change does not represent a change in accounting principle. These changes were applied retrospectively to the consolidated income statement for 2023 and accordingly, 2023 amounts were adjusted to conform with the current presentation.

Revenue Recognition

Revenues are recognized when the promised goods or services are delivered to our customers in an amount that is based on the consideration the Firm expects to receive in exchange for those goods or services when such amounts are not probable of significant reversal.

related to sales and trading activities; and sales of mutual funds, alternative funds, futures, insurance products and options, as well as revenues from order flow payments for directing customer orders to broker-dealers, exchanges and market centers for execution. Commission and fee revenues are recognized on trade date when the performance obligation is satisfied.

Asset Management Revenues

Asset management, distribution and administration fees are generally based on related asset levels, such as the AUM of a customer's account or the net asset value of a fund. These fees are generally recognized when services are performed and the value of the assets is known. Management fees are reduced by estimated fee waivers and expense caps, if any, provided to the customer.

Performance-based fees not in the form of carried interest are recorded when the annual performance target is met and the revenues are not probable of a significant reversal.

Sales commissions paid by the Firm in connection with the sale of certain classes of shares of its open-end mutual fund products are accounted for as deferred commission assets and amortized to Other expenses over the expected life of the contract. The Firm periodically tests deferred commission assets for recoverability based on cash flows expected to be received in future periods. Other asset

Investment Banking

Revenues from investment banking activities consist of revenues earned from underwriting, primarily equity and fixed income securities and loan syndications, and advisory fees, primarily for mergers, acquisitions and restructurings.

Underwriting revenues are generally recognized on trade date if there is no uncertainty or contingency related to the amount to be paid. Underwriting costs are deferred and recognized in the relevant non-interest expenses line items when the related underwriting revenues are recorded.

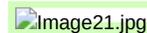
Advisory fees are recognized as advice is provided to the client, based on the estimated progress of work and when revenues are not probable of a significant reversal. Advisory costs are recognized as incurred in the relevant non-interest expenses line items, including those reimbursed.

Commissions and Fees

Commission and fee revenues generally result from transaction-based arrangements in which the client is charged a fee for the execution of transactions. Such revenues primarily arise from transactions in equity securities; services

management and distribution costs are recognized as incurred in the relevant non-interest expenses line items.

Notes to Consolidated Financial Statements



Investments Revenues—Carried Interest

The Firm is entitled to receive performance-based fees in the form of carried interest when the return in certain funds exceeds specified performance targets. When the Firm earns carried interest from funds as specified performance thresholds are met, that carried interest and any related general or limited partner interest are accounted for under the equity method of accounting and measured based on the Firm's claim on the NAV of the fund at the reporting date, taking into account the distribution terms applicable to the interest held. Such items are reflected within Investments revenues.

See Note 22 for information regarding the net cumulative unrealized amount of performance-based fee revenues at risk of reversal. See Note 14 for information regarding general partner guarantees, which include potential obligations to return performance fee distributions previously received.

Other Items

Revenues from certain commodities-related contracts are recognized in Trading revenues when the Firm has transferred control over the promised goods or services to the customer.

Receivables from contracts with customers are recognized in Customer and other receivables in the balance sheet when the

Notes to Consolidated Financial Statements



underlying performance obligations have been satisfied and the Firm has the right per the contract to bill the customer. Contract assets are recognized in Other assets when the Firm has satisfied its performance obligations but customer payment is conditional on something other than the passage of time. Contract liabilities are recognized in Other liabilities and accrued expenses when the Firm has collected payment from a customer based on the terms of the contract but the underlying performance obligations are not yet satisfied.

For contracts with a term of less than one year, incremental costs to obtain the contract are expensed as incurred. Revenues are not discounted when payment is expected within one year.

The Firm generally presents, net within revenues, taxes assessed by a governmental authority that are both imposed on and concurrent with a specific revenue-producing transaction and collected by the Firm from a customer.

Cash and Cash Equivalents

Cash and cash equivalents consist of Cash and due from banks and **Interest-bearing interest-bearing** deposits with banks. Cash equivalents are highly liquid investments with remaining maturities of three months or less from the acquisition date that are readily convertible to cash and are not held for trading purposes.

within Trading revenues or Investments revenues. Otherwise, it is recorded within Interest income or Interest expense. Dividend income is recorded in Trading revenues or Investments revenues depending on the business activity.

The fair value of OTC financial instruments, including derivative contracts related to financial instruments and commodities, is presented in the accompanying balance sheet on a net-by-counterparty basis, when appropriate. Additionally, the Firm nets the fair value of cash collateral paid or received against the fair value amounts recognized for net derivative positions executed with the same counterparty under the same master netting agreement.

Fair Value Option

The Firm has elected to measure certain eligible instruments at fair value, including Securities purchased under agreements to resell, Loans and lending commitments, equity method investments and certain other assets, Deposits, Securities sold under agreements to repurchase, Other secured financings and Borrowings.

Fair Value Measurement—Definition and Hierarchy

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in

Cash and cash equivalents also include Restricted cash, such as cash segregated in compliance with federal or other regulations, including minimum reserve requirements set by the Federal Reserve Bank and other central banks, and the Firm's initial margin deposited with clearing organizations.

Fair Value of Financial Instruments

Instruments within Trading assets and Trading liabilities are measured at fair value, either as required or allowed by accounting guidance. These financial instruments primarily represent the Firm's trading and investment positions and include both cash and derivative products. In addition, securities classified as Available-for-Sale ("AFS") are measured at fair value.

Gains and losses on instruments carried at fair value are reflected in Trading revenues, Investments revenues or Investment banking revenues in the income statement, except for gains and losses related to AFS securities (see "AFS Investment Securities" section herein and Note 7) and derivatives accounted for as hedges, as well as economic derivative hedges associated with certain held-for-sale and held-for-investment corporate loans and lending commitments (see "Hedge Accounting" and "Other Hedges" herein and Note 6).

Interest income and interest expense are recorded within the income statement depending on the nature of the instrument and related market conventions. When interest is included as a component of the instruments' fair value, interest is recorded



an orderly transaction between market participants at the measurement date.

Fair value is a market-based measure considered from the perspective of a market participant rather than an entity-specific measure. Therefore, even when market assumptions are not readily available, assumptions are set to reflect those that the Firm believes market participants would use in pricing the asset or liability at the measurement date. Where the Firm manages a group of financial assets, financial liabilities, and nonfinancial items accounted for as derivatives on the basis of its net exposure to either market risks or credit risk, the Firm measures the fair value of that group of financial instruments consistently with how market participants would price the net risk exposure at the measurement date.

In determining fair value, the Firm uses various valuation approaches and establishes a hierarchy for inputs used in measuring fair value that requires the most observable inputs be used when available.

Observable inputs are inputs that market participants would use in pricing the asset or liability that were developed based on market data obtained from sources independent of the Firm. Unobservable inputs are inputs that reflect assumptions the Firm believes other market participants would use in pricing the asset or liability that are developed based on the best information available in the circumstances. The fair value hierarchy is broken down into three levels based on the observability of inputs as follows, with Level 1 being the highest and Level 3 being the lowest level:

Notes to Consolidated Financial Statements



Level 1. Valuations based on quoted prices in active markets that the Firm has the ability to access for identical assets or liabilities. Valuation adjustments, block discounts and discounts for entity-specific and contractual restrictions that would not transfer to market participants are not applied to Level 1 instruments. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment.

Level 2. Valuations based on quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, significant market inputs other than quoted prices that are observable for the asset or liability, or market-corroborated inputs.

Level 3. Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The availability of observable inputs can vary from product to product and is affected by a wide variety of factors, including the type of product, whether the product is new and not yet established in the marketplace, the liquidity of markets and other characteristics particular to the product. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination

including, where applicable, commodity prices, equity prices, interest rate yield curves, credit curves, correlation, creditworthiness of the counterparty, creditworthiness of the Firm, option volatility and currency rates.

Where appropriate, valuation adjustments are made to account for various factors such as liquidity risk (bid-ask adjustments), credit quality, model uncertainty, and concentration risk and funding in order to arrive at fair value. Adjustments for liquidity risk adjust model-derived mid-market amounts of Level 2 and Level 3 financial instruments for the bid-mid or mid-ask spread required to properly reflect the exit price of a risk position. Bid-mid and mid-ask spreads are marked to levels observed in trade activity, broker quotes or other external third-party data. Where these spreads are unobservable for the particular position in question, spreads are derived from observable levels of similar positions.

The Firm applies credit-related valuation adjustments to its Borrowings for which the fair value option was elected and to OTC derivatives. The Firm considers the impact of changes in its own credit spreads based upon observations of the secondary bond market spreads when measuring the fair value for Borrowings.

of fair value requires more judgment. Accordingly, the degree of judgment exercised by the Firm in determining fair value is greatest for instruments categorized in Level 3 of the fair value hierarchy.

The Firm considers prices and inputs that are current as of the measurement date, including during periods of market dislocation. In periods of market dislocation, the observability of prices and inputs may be reduced for many instruments. This condition could cause an instrument to be reclassified from Level 1 to Level 2 or from Level 2 to Level 3 of the fair value hierarchy.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the total fair value amount is disclosed in the level appropriate for the lowest level input that is significant to the total fair value of the asset or liability.

Valuation Techniques

Many cash instruments and OTC derivative contracts have bid and ask prices that can be observed in the marketplace. Bid prices reflect the highest price that a party is willing to pay for an asset. Ask prices represent the lowest price that a party is willing to accept for an asset. The Firm carries positions at the point within the bid-ask range that meets its best estimate of fair value. For offsetting positions in the same financial instrument, the same price within the bid-ask spread is used to measure both the long and short positions.

Fair value for many cash instruments and OTC derivative contracts is derived using pricing models. Pricing models take into account the contract terms, as well as multiple inputs,

For OTC derivatives, which are recognized in Trading assets at fair value in the balance sheet, the impact of changes in both the Firm's and the counterparty's credit rating is considered when measuring fair value. In determining the expected exposure, the Firm simulates the distribution of the future exposure to a counterparty, then applies market-based default probabilities to the future exposure, leveraging external third-party CDS spread data. Where CDS spread data are unavailable for a specific counterparty, bond market spreads, CDS spread data based on the counterparty's credit rating or CDS spread data that reference a comparable counterparty may be utilized. The Firm also considers collateral held and legally enforceable master netting agreements that mitigate its exposure to each counterparty.

Adjustments for model uncertainty are taken for positions whose underlying models are reliant on significant inputs that are neither directly nor indirectly observable, hence requiring reliance on established theoretical concepts in their derivation. These adjustments are derived by making assessments of the possible degree of variability using statistical approaches and market-based information where possible.

The Firm may apply concentration adjustments to certain of its OTC derivative portfolios to reflect the additional cost of closing out a particularly large risk exposure. Where possible, these adjustments are based on observable market information, but in many instances, significant judgment is required to estimate the costs of closing out concentrated risk exposures due to the lack of liquidity in the marketplace.

The Firm applies an FVA in the fair value measurements of OTC uncollateralized or partially collateralized derivatives

Notes to Consolidated Financial Statements



and in collateralized derivatives where the terms of the agreement do not permit the reuse of the collateral received. In general, FVA reflects a market funding risk premium inherent in the noted derivative instruments. The methodology for measuring FVA leverages the Firm's existing credit-related valuation adjustment calculation methodologies, which apply to both assets and liabilities.

See Note 4 for a description of valuation techniques applied to the major categories of financial instruments measured at fair value.

Assets and Liabilities Measured at Fair Value on a Non-recurring Basis

Certain of the Firm's assets and liabilities are measured at fair value on a non-recurring basis. The Firm incurs losses or gains for any adjustments of these assets or liabilities to fair value.

For assets and liabilities measured at fair value on a non-recurring basis, fair value is determined by using various valuation approaches. The same hierarchy for inputs as described above, which requires that observable inputs be

used when available, is used in measuring fair value for these items.

For further information on financial assets and liabilities that are measured at fair value on a recurring and non-recurring basis, see Note 4.

Offsetting of Derivative Instruments

In connection with its derivative activities, the Firm generally enters into master netting agreements and collateral agreements with its counterparties. These agreements provide the Firm with the right, in the event of a default by the counterparty, to net a counterparty's rights and obligations under the agreement and to liquidate and set off cash collateral against any net amount owed by the counterparty. Derivatives with enforceable master netting agreements are reported net of cash collateral received and posted.

However, in certain circumstances, the Firm may not have such an agreement in place; the relevant insolvency regime may not support the enforceability of the master netting agreement or collateral agreement; or the Firm may not have sought legal advice to support the enforceability of the agreement. In cases where the Firm has not determined an agreement to be enforceable, the related amounts are not offset (see Note 6).

The Firm's policy is generally to receive cash and/or securities posted as collateral (with rights of rehypothecation) in connection with derivative transactions, irrespective of the enforceability determination regarding the master netting and collateral agreement. In certain cases, the Firm may agree for such collateral to be posted by the counterparty to a third-party custodian under a control agreement that enables it to take control of such collateral in the event of a counterparty

default. The enforceability of the master netting agreement is taken into account in the Firm's risk management practices and application of counterparty credit limits.

For information related to offsetting of derivatives, see Note 6.

Hedge Accounting

The Firm applies hedge accounting using various derivative financial instruments for the following types of hedges: hedges of changes in the fair value of assets and liabilities due to the risk being hedged (fair value hedges); hedges of variability in forecasted cash flows from floating-rate assets due to contractually specified interest rates (cash flow hedges) and hedges of net investments in foreign operations whose functional currency is different from the reporting currency of the Parent Company (net investment hedges). These financial instruments are included within Trading assets—Derivative and other contracts or Trading liabilities—Derivative and other contracts in the balance sheet. For hedges where hedge accounting is being applied, the Firm performs effectiveness testing and other procedures. The change in the fair value of the designated portion of the hedging instrument should be

highly correlated, between 80 and 125 percent of the change in the fair value, cash flows, or carrying value (due to translation gains or losses) of the hedged item attributable to the risk being hedged. The Firm considers the impact of valuation adjustments related to counterparty credit spreads and its own credit spreads to determine whether they would cause the hedging relationship to be ineffective.

Fair Value Hedges—Interest Rate Risk

The Firm's designated fair value hedges consist of interest rate swaps designated as hedges of changes in the benchmark interest rate of certain **fixed rate fixed-rate** AFS securities and senior borrowings. The Firm also designates interest rate swaps as fair value hedges of changes in the benchmark interest rate of certain fixed rate deposits. The Firm is permitted to hedge the full, or part of the contractual term of the hedged instrument. The Firm uses regression analysis to perform an ongoing prospective and retrospective assessment of the effectiveness of these hedging relationships. For qualifying fair value hedges of benchmark interest rates, the change in the fair value of the derivative, offset by the change in the fair value attributable to the change in the benchmark interest rate risk of the hedged asset (liability), is recognized in earnings each period as a component of Interest income (expense). For AFS securities, the change in fair value of the hedged item due to changes other than the risk being hedged will continue to be reported in OCI. When a derivative is de-designated as a hedge, any basis adjustment remaining on the hedged asset (liability) is amortized to Interest income (expense) over the remaining life of the asset (liability) using the effective interest method. **For certain AFS securities, the Firm also applies the portfolio layer method of hedge accounting, which permits prepayable and non-prepayable assets to be included in the portfolio and allows more of the portfolio to be hedged. Further, the portfolio layer method of accounting requires that basis adjustments are maintained at the portfolio level and not allocated to individual items until certain de-designation events occur. The amount designated as hedged is the sum of the notional amounts of all outstanding layers in each portfolio. Refer to Note 6 and Note 7 to the financial statements for additional information on portfolio layer method hedging.**

Net Investment Hedges

The Firm uses forward foreign exchange contracts to manage a portion of the currency exposure relating to its net investments in foreign operations. To the extent that the notional amounts of the hedging instruments equal the portion of the investments being hedged and the underlying exchange rate of the derivative hedging instrument is the same as the exchange rate between the functional currency of the investee and the intermediate parent entity's functional currency, it is considered to be perfectly effective. The gain or loss from revaluing qualifying hedges of net investments in foreign operations at the spot rate is reported within AOCI. The forward points on the hedging instruments are excluded from hedge effectiveness testing and changes in the fair value of

this excluded component are recorded currently in Interest income.

Cash Flow Hedges—Interest Rate Risk

The Firm's designated cash flow hedges consist of interest rate derivatives designated as hedges of variability in forecasted cash flows from floating-rate assets due to changes in the contractually specified interest rates. The Firm uses regression analysis to perform an ongoing prospective and retrospective assessment of the effectiveness of these hedging relationships.

The objective of this strategy is to hedge the risk of changes in the hedged item's cash flows attributable to changes in the contractually specified interest rate. For qualifying cash flow hedges of contractually specified interest rates, changes in the fair value of the derivative are recorded in OCI and subsequently reclassified to earnings in the same periods when the hedged item affects earnings. If cash flow hedge accounting is discontinued, AOCI is released into earnings immediately if the cash flow of the hedged item is probable of not occurring. Otherwise the amount in AOCI is released into earnings as the forecasted transaction affects earnings.

Other Hedges

In addition to hedges that are designated and qualify for hedge accounting, the Firm uses derivatives to economically hedge credit risk associated with certain held-for-sale and held-for-investment corporate loans and lending commitments, and the related gains and losses are reported within Other revenues in the income statement.

For further information on derivative instruments and hedging activities, see Note 6.

AFS Investment Securities

AFS securities are reported at fair value in the balance sheet. Interest income, including amortization of premiums and accretion of discounts, is included in Interest income in the income statement. Unrealized gains are recorded in OCI, and

unrealized losses are recorded either in OCI or in Other revenues as described below.

AFS securities in an unrealized loss position are first evaluated to determine whether there is an intent to sell or it is more likely than not the Firm will be required to sell before recovery of the amortized cost basis. If so, the amortized cost basis is written down to the fair value of the security such that the entire unrealized loss is recognized in Other revenues, and any previously established ACL is written off.

For all other AFS securities in an unrealized loss position, any portion of unrealized losses representing a credit loss is recognized in Other revenues and as an increase to the ACL for AFS securities, with the remainder of unrealized losses recognized in OCI. A credit loss exists if the Firm does not expect to recover the amortized cost basis of the security.

When considering whether a credit loss exists, the Firm considers relevant information, including:

- guarantees (implicit or explicit) by the U.S. government;
- the extent to which the fair value has been less than the amortized cost basis;
- adverse conditions specifically related to the security, its industry or geographic area;
- changes in the financial condition of the issuer of the security or, in the case of an asset-backed debt security, changes in the financial condition of the underlying loan obligors;
- the payment structure of the debt security and the likelihood of the issuer being able to make payments that increase in the future;
- failure of the issuer of the security to make scheduled interest or principal payments;
- the current rating and any changes to the rating of the security by a rating agency.

If a credit loss exists, the Firm measures the credit loss as the difference between the present value of cash flows expected to be collected (discounted at the implicit interest rate at acquisition of the security or discounted at the effective yield for securities that incorporate changes in prepayment assumptions) and the amortized cost basis of the security. Changes in prepayment assumptions alone are not considered to result in a credit loss. When estimating the present value of expected cash flows, information utilized includes the remaining payment terms of the security, prepayment speeds, financial condition of the issuer, expected defaults and the value of any underlying collateral.

Presentation of ACL and Provision for Credit Losses

	ACL	Provision for Credit Losses
AFS securities	Contra investment securities	Other revenue

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Nonaccrual & ACL Charge-offs on AFS Securities

AFS securities follow the same nonaccrual and charge-off guidance as discussed in "Allowance for Credit Losses" herein.

HTM Securities

HTM securities are reported at amortized cost, net of any ACL, in the balance sheet. Refer to "Allowance for Credit Losses" herein for guidance on the ACL determination. Interest income, including amortization of premiums and accretion of discounts on HTM securities, is included in Interest income in the income statement.

Loans

The Firm accounts for loans based on the following categories: loans held for investment; loans held for sale; and loans at fair value.

product level. Any decreases in fair value below the initial carrying amount and any recoveries in fair value up to the initial carrying amount are recorded in Other revenues. Increases in fair value above initial carrying value are not recognized.

Interest Income. Interest income on loans held for sale is accrued and recognized based on the contractual rate of interest. Loan origination fees or costs and purchase price discounts or premiums are deferred as an adjustment to the loan's cost basis until the related loan is sold and, as such, are included in the periodic determination of the lower of cost or fair value adjustments and the gain or loss recognized at the time of sale.

Lending Commitments. Commitments to fund mortgage loans held for sale are derivatives and are reported in Trading assets or Trading liabilities in the balance sheet and in Trading revenues in the income statement.

Nonaccrual and ACL Charge-offs on Loans

All loan categories described below follow the same nonaccrual guidance and loans held for investment follow the charge-off guidance as discussed in "Allowance for Credit Losses" herein.

Loans Held for Investment

Loans held for investment are reported at amortized cost, which consists of the outstanding principle balance adjusted for any charge-offs, the allowance for credit losses, any unamortized deferred fees or costs for originated loans, and any unamortized premiums or discounts for purchased loans.

Interest Income. Interest income on performing loans held for investment is accrued and recognized as interest income at the contractual rate of interest. Purchase price discounts or premiums, as well as net deferred loan fees or costs, are amortized into interest income over the life of the loan to produce a level rate of return.

Lending Commitments. The Firm records the liability and related expense for the credit exposure related to commitments to fund loans. The liability is recorded in Other Liabilities liabilities and accrued expenses in the balance sheet and the expense is recorded in the Provision for credit losses in the income statement. For more information regarding loan commitments, standby letters of credit and financial guarantees, see Note 14.

For more information regarding allowance for credit losses, refer to "Allowance for Credit Losses" herein.

Loans Held for Sale

Loans held for sale are measured at the lower of amortized cost or fair value, with valuation changes recorded in Other revenues. The Firm determines the valuation allowance on an individual loan basis, except for residential mortgage loans for which the valuation allowance is determined at the loan

For commitments to fund non-mortgage loans, the Firm records the liability and related expense for the fair value exposure below cost of such commitments in Other liabilities and accrued expenses in the balance sheet with an offset to Other revenues in the income statement.

Because loans and lending commitments held for sale are recognized at the lower of cost or fair value, the allowance for credit losses and charge-off policies do not apply to these loans.

Loans at Fair Value

Loans for which the fair value option is elected are carried at fair value and included in Trading assets in the balance sheet, with changes in fair value recognized in earnings. For further information on loans carried at fair value and classified as Trading assets, see Note 4.

Lending Commitments. The Firm records the liability and related expense for the fair value exposure related to commitments to fund loans that will be measured at fair value. The liability is recorded in Trading liabilities in the balance sheet, and the expense is recorded in Trading revenues in the income statement.

Because such loans and lending commitments are reported at fair value, the allowance for credit losses and charge-off policies do not apply to these loans.

For further information on loans, see Note 9. For more information regarding loan commitments, standby letters of credit and financial guarantees, see Note 14.

Allowance for Credit Losses

The ACL for financial instruments measured at amortized cost and certain off-balance sheet exposures (e.g., HFI loans and lending commitments, HTM securities, customer and other receivables and certain guarantees) represents an

estimate of expected credit losses over the entire life of the financial instrument.

Factors considered by management when determining the ACL include payment status, fair value of collateral and expected payments of principal and interest, as well as internal or external information relating to past events, current conditions, and reasonable and supportable forecasts. The Firm uses three forecasts that include assumptions about certain macroeconomic variables, including, but not limited to, U.S. gross domestic product ("GDP"), equity market indices and unemployment rates, as well as commercial real estate and home price indices. At the conclusion of the Firm's reasonable and supportable forecast period of 13 quarters, there is a gradual reversion back to historical averages.

The ACL is measured on a collective basis when similar risk characteristics exist for multiple instruments, considering all available information relevant to assessing the collectability of cash flows. Generally, the Firm applies a probability of

default/loss given default model for instruments that are collectively assessed, under which the ACL is calculated as the product of probability of default, loss given default and exposure at default. These parameters are forecast for each collective group of assets using a scenario-based statistical model.

If the instrument does not share similar risk characteristics with other instruments, including when it is probable that the Firm will be unable to collect the full payment of principal and interest on the instrument when due, the ACL is measured on an individual basis. The Firm generally applies a discounted cash flow method for instruments that are individually assessed.

The Firm may also elect to use an approach that considers the fair value of the collateral when measuring the ACL if the loan is collateral dependent (i.e., repayment of the loan is expected to be provided substantially by the sale or operation of the underlying collateral and the borrower is experiencing financial difficulty).

Additionally, the Firm can elect to use an approach to measure the ACL that considers the fair value of collateral where the borrower is required to, and reasonably expected to, continually adjust and replenish the amount of collateral securing the instrument to reflect changes in the fair value of such collateral. The Firm has elected to use this approach for certain securities-based loans, margin loans, securities purchased under agreements to resell and securities borrowed.

Credit quality indicators considered in developing the ACL include:

- Corporate loans, secured lending facilities, commercial real estate loans and securities, and other loans: Internal risk ratings developed by the CRM that are refreshed at least annually, and more frequently as necessary. These ratings

generally correspond to external ratings published by S&P. The Firm also considers transaction structure, including type of collateral, collateral terms and position of the obligation within the capital structure. In addition, for commercial real estate, the Firm considers property type and location, net operating income and LTV ratios, among other factors, as well as commercial real estate price and credit spread indices and capitalization rates.

- Residential real estate loans: Loan origination Fair Isaac Corporation ("FICO") credit scores as determined by independent credit agencies in the U.S. and LTV ratios.
- Employee loans: Employment status, which includes those currently employed by the Firm and for which the Firm can deduct any unpaid amounts due to it through certain compensation arrangements; and those no longer employed by the Firm where such arrangements are no longer applicable.

Qualitative and environmental factors such as economic and business conditions, the nature and volume of the portfolio,

and lending terms and the volume and severity of past due loans are also considered in the ACL calculations.

Presentation of ACL and Provision for Credit Losses

	ACL	Provision for Credit Losses
Held for investment loans	Contra asset	Provision for credit losses
Other instruments measured at amortized cost (e.g., HTM securities and customer and other receivables)	Contra asset	Other revenues
Employee loans	Contra asset	Compensation and benefits expenses
Held for investment lending commitments	Other liabilities and accrued expenses	Provision for credit losses
Other off-balance sheet instruments (e.g., certain guarantees)	Other liabilities and accrued expenses	Other expenses

Nonaccrual

The Firm places financial instruments on nonaccrual status if principal or interest is not expected when contractually due or is past due for a period of 90 days or more unless the obligation is well-secured and is in the process of collection.

For any instrument placed on nonaccrual status, the Firm reverses any unpaid interest accrued with an offsetting reduction to Interest income. Principal and interest payments received on nonaccrual instruments are applied to principal if there is doubt regarding the ultimate collectability of principal. If collection of the principal is not in doubt, interest income is realized on a cash basis. If the instrument is brought current and neither principal nor interest collection is in doubt, instruments can generally return to accrual status, and interest income can be recognized.

ACL Charge-offs

The principal balance of a financial instrument is charged off in the period it is deemed uncollectible, resulting in a reduction in the ACL and in the balance of the financial instrument in the balance sheet. Accrued interest receivable

Notes to Consolidated Financial Statements



balances that are separately recorded from the related financial instruments are charged off against Interest income when the related financial instrument is placed on nonaccrual status. Accordingly, the Firm elected not to measure an ACL for accrued interest receivables.

Transfers of Financial Assets

Transfers of financial assets are accounted for as sales when the Firm has relinquished control over the transferred assets. Any related gain or loss on sale is recorded in Net revenues. Transfers that are not accounted for as sales are treated as collateralized financings. Securities borrowed or purchased under agreements to resell and securities loaned or sold under agreements to repurchase are treated as collateralized financings (see Note 8).

Securities purchased under agreements to resell ("reverse repurchase agreements") and Securities sold under agreements to repurchase ("repurchase agreements"),

including repurchase and reverse repurchase agreements-to-maturity, are carried in the balance sheet at the amount of cash paid or received plus accrued interest except for certain reverse repurchase and repurchase agreements for which the Firm has elected the fair value option (see Note 5). Where appropriate, repurchase agreements and reverse repurchase agreements with the same counterparty are reported on a net basis. Securities borrowed and securities loaned are recorded at the amount of cash collateral advanced or received.

In instances where the Firm is the lender in securities-for-securities transactions and is permitted to sell or repledge these securities, the fair value of the collateral received is reported in Trading assets, and the related obligation to return the collateral is reported in Trading liabilities in the balance sheet. Securities-for-securities transactions where the Firm is the borrower are not included in the balance sheet.

In order to manage credit exposure arising from these transactions, in appropriate circumstances, the Firm enters into master netting agreements and collateral agreements with its counterparties. These agreements provide the Firm with the right, in the event of a default by the counterparty, to net a counterparty's rights and obligations under the agreement and to liquidate and set off collateral held by the Firm against the net amount owed by the counterparty.

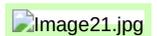
The Firm's policy is generally to take possession of securities purchased or borrowed in connection with reverse repurchase agreements and securities borrowed transactions, respectively, and to receive cash and/or securities delivered under repurchase agreements or securities loaned transactions (with rights of rehypothecation).

For information related to offsetting of certain collateralized transactions, see Note 8.

Premises, Equipment and Capitalized Software Costs

Premises, equipment and capitalized software costs consist of buildings, leasehold improvements, furniture, fixtures, computer and communications equipment, power generation assets and capitalized software (externally purchased and developed for internal use). Premises, equipment and capitalized software costs are stated at cost less accumulated depreciation and amortization and are included in Other assets in the balance sheet. Depreciation and amortization are provided by the straight-line method over the estimated useful life of the asset.

Notes to Consolidated Financial Statements



Estimated Useful Life of Assets

<i>in years</i>	Estimated Useful Life
Buildings	39
Leasehold improvements—Building	term of lease to 25
Leasehold improvements—Other	term of lease to 15
Furniture and fixtures	7
Computer and communications equipment	3 to 9
Power generation assets	15 to 29
Capitalized software costs	2 to 10

Premises, equipment and capitalized software costs are tested for impairment whenever events or changes in circumstances suggest that an asset's carrying value may not be fully recoverable.

Goodwill and Intangible Assets

The Firm tests goodwill and indefinite-lived intangible assets for impairment on an annual basis and on an interim basis when certain events or circumstances exist. The Firm tests goodwill for impairment at the reporting unit level, which is generally at the level of or one level below the **asset's Firm's operating segments**. **The Firm's operating segments are equivalent to its business segment**. segments. The Firm tests indefinite-lived intangible assets for impairment at the aggregate level of management contracts. For both the annual and interim tests, the Firm has the option to either (i) perform a quantitative impairment test or (ii) first perform a qualitative assessment to determine whether it is more likely than not that the fair value is less than its carrying amount, in which case, the quantitative test would be performed.

When performing a quantitative impairment test **of goodwill**, the Firm compares the fair value **of the reporting unit** with the carrying amount. If the fair value is less than the carrying amount, the impairment loss is equal to the excess of the carrying value over the fair value, limited to the carrying **amount of goodwill within the reporting unit**.

When performing a quantitative impairment test of indefinite-lived intangible assets, the Firm compares the fair value of the assets with the carrying amount. If the fair value is less than the carrying amount, the impairment loss is equal to the excess of the carrying value over the fair value, limited to the carrying amount of the assets.

The estimated fair values **used in the quantitative impairment tests of goodwill and indefinite-lived intangible assets** are derived based on valuation techniques the Firm believes market participants would use. The estimated fair values are generally determined by utilizing a discounted cash flow methodology or methodologies that incorporate price-to-book and price-to-earnings multiples of certain comparable companies for goodwill impairment testing.

Notes to Consolidated Financial Statements



Intangible assets with a finite life are amortized over their estimated useful life and are reviewed for impairment on an interim basis when to assess whether impairment indicators are

present. Impairment losses are recorded within Other expenses in the income statement.

Earnings per Common Share

Basic EPS is computed by dividing earnings available applicable to Morgan Stanley common shareholders by the weighted average number of common shares outstanding for the period. Earnings available applicable to Morgan Stanley common shareholders represents net income applicable to Morgan Stanley reduced by preferred stock dividends. Common shares outstanding include common stock and vested RSUs where recipients have satisfied the relevant vesting terms. Diluted EPS reflects the assumed conversion of all dilutive securities.

Share-based awards, including awards that pay dividend equivalents subject to vesting, are included in diluted shares outstanding (if dilutive) under the treasury stock method.

The Firm has granted PSUs that vest and convert to shares of common stock only if predetermined performance and market goals are satisfied. Since the issuance of the shares is contingent upon the satisfaction of certain conditions, the PSUs are included in diluted EPS based on the number of shares (if any) that would be issuable if the reporting date was the end of the performance period.

For further information on diluted earnings (loss) per common share, see Note 17 to the financial statements.

Deferred Compensation

Stock-Based Compensation

The Firm measures compensation expense for stock-based awards at fair value. The Firm determines the fair value of RSUs (including PSUs with non-market performance conditions) based on the grant-date fair value of its common stock, measured as the volume-weighted average price on the date of grant ("VWAP"). The fair value of RSUs not entitled to dividends until conversion is measured at VWAP reduced by the present value of dividends expected to be paid on the underlying shares prior to scheduled conversion date. PSUs that contain market-based conditions are valued using a Monte Carlo valuation model.

Compensation expense is recognized over the vesting period relevant to each separately vesting portion of the award. Compensation expense for awards with performance conditions is recognized based on the probable outcome of the performance condition at each reporting date. Compensation expense for awards with market-based conditions is recognized irrespective of the probability of the market condition being achieved and is not reversed if the market condition is not met. The Firm accounts for forfeitures as they occur.

Stock-based awards generally contain clawback and cancellation provisions. Certain awards provide the Firm discretion to claw back or cancel all or a portion of the award

under specified circumstances. Where award terms are considered to be subjective, a grant date cannot be established and the awards are subject to variable accounting which requires that compensation expense for those awards is adjusted for changes in the fair value of the Firm's common stock or the relevant model valuation, as appropriate, until conversion, exercise or expiration. Following amendments to clarify specific subjective award terms in the second quarter of 2023, a grant date for the awards was established such that compensation expense for those awards is no longer adjusted for changes in the fair value of the Firm's common stock. The Firm also operates an Employee Stock Purchase Plan ("ESPP") which allows eligible employees of the Firm to purchase shares of Morgan Stanley at a discount.

Employee Stock Trusts

In connection with certain stock-based compensation plans, the Firm has established employee stock trusts to provide, at its discretion, common stock voting rights to certain RSU holders. Following the grant of an RSU award, when a stock trust is utilized, the Firm contributes shares to be held in the stock trust until the RSUs convert to common shares. The assets of the employee stock trusts are consolidated with those of the Firm and are generally accounted for in a manner similar to treasury stock, where the shares of common stock outstanding reported in Common stock issued to employee stock trusts are offset by an equal amount reported in Employee stock trusts in the balance sheet.

The Firm uses the grant-date fair value of stock-based compensation as the basis for recording the movement of the assets to or from the employee stock trusts. Changes in the fair value are not recognized as the Firm's stock-based compensation must be settled by delivery of a fixed number of shares of the Firm's common stock.

Deferred Cash-Based Compensation

Compensation expense for DCP awards is calculated based on the notional value of the award granted, adjusted for changes in the fair value of the referenced investments that employees select. Compensation expense is recognized over the vesting period relevant to each separately vesting portion of deferred awards.

The Firm invests directly, as a principal, in financial instruments and other investments to economically hedge certain of its obligations under its DCP. Changes in the value of such investments are recorded in Trading revenues and Investments revenues. Although changes in compensation expense resulting from changes in the fair value of the referenced investments will generally be offset by changes in the fair value of investments made by the Firm, there is typically a timing difference between the immediate recognition of gains and losses on the Firm's investments and

the deferred recognition of the related compensation expense over the vesting period.

Retirement-Eligible Employee Compensation

For year-end stock-based awards and DCP awards anticipated to be granted to retirement-eligible employees under award terms that do not contain a future service requirement, the Firm accrues the estimated cost of the awards over the course of the calendar year preceding the grant date, which reflects the period over which the compensation is earned.

Carried Interest Compensation

The Firm generally recognizes compensation expense for any portion of carried interest (both realized and unrealized) that is allocated to employees. For information on performance-based fees in the form of carried interest, which are directly related to carried interest compensation, see "Revenue Recognition—Carried Interest" herein.

Income Taxes

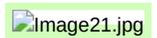
Deferred tax assets and liabilities are recorded based upon the temporary differences between the financial statement and income tax bases of assets and liabilities using currently enacted tax rates in effect for the year in which the differences are expected to reverse. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income tax expense (benefit) in the period that includes the enactment date. Such effects are recorded in Provision for income taxes regardless of where deferred taxes were originally recorded.

The Firm recognizes net deferred tax assets to the extent that it believes these assets are more likely than not to be realized. In making such a determination, the Firm considers all available positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax planning strategies and results of recent operations. When performing the assessment, the Firm considers all types of deferred tax assets in combination with each other, regardless of the origin of the underlying temporary difference. If a deferred tax asset is determined to be unrealizable, a valuation allowance is established. If the Firm subsequently determines that it would be able to realize deferred tax assets in excess of their net recorded amount, it would make an adjustment to the deferred tax asset valuation allowance, which would reduce the provision for income taxes.

The Firm recognizes tax expense associated with Global Intangible Low-Taxed Income as it is incurred as part of the current income taxes to be paid or refunded for the current period.

Uncertain tax positions are recorded on the basis of a two-step process, whereby (i) the Firm determines whether it is more likely than not that the tax positions will be sustained on the basis of the technical merits of the position and (ii) for those tax positions that meet this threshold, the Firm recognizes the

largest amount of tax benefit that is more likely than not to be realized upon ultimate settlement with the related tax authority. Interest and penalties related to unrecognized tax



benefits are recognized as a component of the provision for income taxes.

Foreign Currencies

Assets and liabilities of operations with non-U.S. dollar functional currencies are translated at year-end rates of exchange. Gains or losses resulting from translating foreign currency financial statements, net of hedge gains or losses and related tax effects, are reflected in AOCI in the balance sheet. Gains or losses resulting from remeasurement of foreign currency transactions are included in net income, and amounts recognized in the income statement are translated at the rate of exchange on the respective date of recognition for each amount.

Accounting Updates Adopted in 2023 2024

Fair Value Measurement - Equity Securities Subject to Contractual Sale Restrictions Segment Reporting

The Firm early adopted the *Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions* accounting update on July 1, 2023, with no material impact on the Firm's financial condition or results of operations upon adoption. The update clarifies that a contractual sale restriction is not considered part of the unit of account of an equity security and, therefore, is not considered in measuring fair value.

Financial Instruments - Credit Losses

The Firm adopted the *Financial Instruments-Credit Losses Segment Reporting - Improvements to Reportable Segment Disclosures* accounting update retrospectively, effective January 1, 2024. This accounting update requires additional reportable segment disclosures on an annual and interim basis, primarily about significant segment expenses and other segment items that are regularly provided to the chief operating decision maker and included within the reported measure of segment profit or loss. See Note 22 to the financial statements for disclosures on the Firm's reportable segments.

Investments - Tax Credit Structures

The Firm adopted the *Investments - Equity Method and Joint Ventures - Tax Credit Structures* accounting update on January 1, 2023, with no impact January 1, 2024 using the modified retrospective method. This accounting update permits an election to account for tax equity investments using the proportional amortization method if certain conditions are met. Under the proportional amortization method, the initial cost of the investment is amortized in proportion to the income tax credits and other income tax benefits received and recognized net in the income statement as a component of provision for income taxes. The update requires a separate accounting policy election to be made for each tax credit program. Additional disclosures are required regarding (i) the nature of our tax equity investments and (ii) the effect of our tax equity investments and related income tax credits on the Firm's financial condition or and results of operations upon adoption. (see Note 11).

This accounting update eliminates the accounting guidance for troubled debt restructurings ("TDRs") The adoption resulted in a decrease to Retained earnings of \$60 million as of January 1, 2024, net of tax, and requires new disclosures regarding certain modifications of financing receivables (i.e., principal forgiveness, interest rate reductions, other-than-insignificant payment delays and term extensions) a corresponding reduction to borrowers experiencing financial difficulty. The update also requires disclosure of current period gross charge-offs by year of origination for financing receivables measured at amortized cost. Refer to Note 9, Loans, Lending Commitments and Related Allowance for Credit Losses, for the new disclosures. Other assets.

Accounting Update Adopted in 2022

Reference Rate Reform

The Firm has adopted the Reference Rate Reform accounting update, which extends the period of time entities can utilize the reference rate reform relief guidance from December 31, 2022 to December 31, 2024. The relief provides optional

Notes to Consolidated Financial Statements



expedients and exceptions for applying generally accepted accounting principles to contracts, hedging relationships and other transactions that reference LIBOR or other interest rate benchmarks for which the referenced rate is expected to be discontinued or replaced. The Firm is applying the accounting relief as relevant contract and hedge accounting relationship modifications are made during the course of the reference rate reform transition period. There was no impact to the Firm's financial statements upon issuance of this accounting standard update.

3. Cash and Cash Equivalents

	At December 31, December 31,		At December 31, December 31,	
	2023	2022	2024	2023
<i>\$ in millions</i>	<i>\$ in millions</i>		<i>\$ in millions</i>	
Cash and due from banks				
Interest bearing deposits with banks				
Total Cash and cash equivalents				
Restricted cash				

For additional information on cash and cash equivalents, including restricted cash, see Note 2.

Notes to Consolidated Financial Statements



4. Fair Values

Recurring Fair Value Measurements

Assets and Liabilities Measured at Fair Value on a Recurring Basis

\$ in millions	At December 31, 2023						At December 31, 2024					
	\$ in millions	Level 1	Level 2	Level 3	Netting	Total	\$ in millions	Level 1	Level 2	Level 3	Netting	Total
Assets at fair value												
Trading assets:												
Trading assets:												
Trading assets:												
U.S. Treasury and agency securities												
U.S. Treasury and agency securities												
U.S. Treasury and agency securities												
Other sovereign government obligations												
State and municipal securities												
MABS												
Loans and lending commitments:												
Corporate and other debt												
Corporate equities ^{1,5}												
Derivative and other contracts:												
Interest rate												
Interest rate												
Interest rate												
Credit												
Foreign exchange												
Equity												
Commodity and other												
Netting:												
Total derivative and other contracts												
Investments ^{4,5}												
Physical commodities												
Total trading assets ⁴												
Investment securities —AFS												
Securities purchased under agreements to resell												
Total assets at fair value												
Total assets at fair value												
Total assets at fair value												

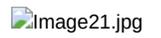
At December 31,

	At December 31, 2023						2024					
	\$ in millions	Level 1	Level 2	Level 3	Netting	Total	\$ in millions	Level 1	Level 2	Level 3	Netting	Total
Liabilities at fair value												
Deposits												
Deposits												
Deposits												
Trading liabilities:												
U.S. Treasury and agency securities												
U.S. Treasury and agency securities												
U.S. Treasury and agency securities												
Other sovereign government obligations												
Corporate and other debt												
Corporate equities:												
Derivative and other contracts:												
Interest rate												
Interest rate												
Interest rate												
Credit												
Foreign exchange												
Equity												
Commodity and other												
Netting:												
Total derivative and other contracts												
Total trading liabilities												
Securities sold under agreements to repurchase												
Other secured financings												
Borrowings												
Total liabilities at fair value												

	At December 31, 2022						At December 31, 2023					
	\$ in millions	Level 1	Level 2	Level 3	Netting	Total	\$ in millions	Level 1	Level 2	Level 3	Netting	Total
Assets at fair value												
Trading assets:												
Trading assets:												
Trading assets:												
U.S. Treasury and agency securities												
U.S. Treasury and agency securities												
U.S. Treasury and agency securities												
Other sovereign government obligations												
State and municipal securities												
MABS												
Loans and lending commitments:												
Corporate and other debt												
Corporate equities:												
Corporate equities:												
Derivative and other contracts:												
Interest rate												

Interest rate
Interest rate
Credit
Foreign exchange
Equity
Commodity and other
Netting:
Total derivative and other contracts
Investments ⁴
Investments ^{4,5}
Physical commodities
Total trading assets ⁴
Investment securities —AFS
Securities purchased under agreements to resell
Total assets at fair value

Notes to Consolidated Financial Statements



At December 31,

\$ in millions	At December 31, 2022					2023				
	\$ in millions	Level 1	Level 2	Level 3	Netting: Total	\$ in millions	Level 1	Level 2	Level 3	Netting: Total
Liabilities at fair value										
Deposits										
Deposits										
Deposits										
Trading liabilities:										
U.S. Treasury and agency securities										
U.S. Treasury and agency securities										
U.S. Treasury and agency securities										
Other sovereign government obligations										
Corporate and other debt										
Corporate equities										
Derivative and other contracts:										
Interest rate										
Interest rate										
Interest rate										
Credit										
Foreign exchange										
Equity										
Commodity and other										
Netting:										
Total derivative and other contracts										
Total trading liabilities										
Securities sold under agreements to repurchase										
Other secured financings										
Borrowings										
Total liabilities at fair value										

MABS—Mortgage- and asset-backed securities

- For positions with the same counterparty that cross over the levels of the fair value hierarchy, both counterparty netting and cash collateral netting are included in the column titled "Netting." Positions classified within the same level that are with the same counterparty are netted within that level. For further information on derivative instruments and hedging activities, see Note 6.
- For a further breakdown by type, see the following Detail of Loans and Lending Commitments at Fair Value table.
- For trading purposes, the Firm holds or sells short equity securities issued by entities in diverse industries and of varying sizes.
- Amounts exclude certain investments that are measured based on NAV per share, which are not classified in the fair value hierarchy. For additional disclosure about such investments, see "Net Asset Value Measurements" herein.
- At December 31, 2024 and December 31, 2023, the Firm's Trading assets included an insignificant amount of equity securities subject to contractual sale restrictions that generally prohibit the Firm from selling the security for a period of time as of the measurement date.

Detail of Loans and Lending Commitments at Fair Value

\$ in millions	At December 31, 2023	At December 31, 2022	At December 31, 2024	At December 31, 2023
Secured lending facilities				
Secured lending facilities				
Secured lending facilities				
Commercial real estate				
Commercial real estate				
Commercial real estate				
Residential real estate				
Securities-based lending and Other loans				
Total				

Unsettled Fair Value of Futures Contracts:

\$ in millions	At December 31, 2023	At December 31, 2022	\$ in millions	At December 31, 2024	At December 31, 2023
Customer and other receivables, net					

1. These contracts are primarily Level 1, actively traded, valued based on quoted prices from the exchange and are excluded from the previous recurring fair value tables.

Valuation Techniques for Assets and Liabilities Measured at Fair Value on a Recurring Basis

U.S. Treasury and Agency Securities

U.S. Treasury Securities

Valuation Technique:

- Fair value is determined using quoted market prices.

Valuation Hierarchy Classification:

- Level 1—as inputs are observable and in an active market

U.S. Agency Securities

Valuation Techniques:

- Non-callable agency-issued debt securities are generally valued using quoted market prices, and callable agency-issued debt securities are valued by benchmarking model-derived prices to quoted market prices and trade data for comparable instruments.
- The fair value of agency mortgage pass-through pool securities is model-driven based on spreads of comparable to-be-announced securities.
- CMOs are generally valued using quoted market prices and trade data adjusted by subsequent changes in related indices for comparable instruments.

Valuation Hierarchy Classification:

- Level 1—on-the-run agency issued debt securities if actively traded and inputs are observable
- Level 2—all other agency issued debt securities, agency mortgage pass-through pool securities and CMOs if actively traded and inputs are observable
- Level 3—in instances where the trading activity is limited or inputs are unobservable

Other Sovereign Government Obligations

Valuation Techniques:

- Fair value is determined using quoted prices in active markets when available. When not available, quoted prices in less active markets are used. In the absence of position-specific quoted prices, fair value may be determined through benchmarking from comparable instruments.

Valuation Hierarchy Classification:

- Level 1—if actively traded and inputs are observable
- Level 2—if the market is less active or prices are dispersed
- Level 3—in instances where the prices are unobservable

State and Municipal Securities

Valuation Techniques:

- Fair value is determined using recently executed transactions, market price quotations or pricing models that factor in, where applicable, interest rates, bond or CDS spreads, adjusted for any basis difference between cash and derivative instruments.

Valuation Hierarchy Classification:

- Level 2—if value based on observable market data supported by market liquidity for comparable instruments
- Level 3—in instances where market data are not observable or supported by market liquidity

Mortgage- and Asset-Backed Securities

Valuation Techniques:

- Mortgage- and asset-backed securities may be valued based on price or spread data obtained from observed transactions or independent external parties such as vendors or brokers.
- When position-specific external price data are not observable, the fair value determination may require benchmarking to comparable instruments, and/or analyzing expected credit losses, default and recovery rates, and/or applying discounted cash flow techniques. When evaluating the comparable instruments for use in the valuation of each security, security collateral-specific attributes, including payment priority, credit enhancement levels, type of collateral, delinquency rates and loss severity, are considered. In addition, for RMBS borrowers, FICO scores and the level of documentation for the loan are considered.
- Market standard cash flow models may be utilized to model the specific collateral composition and cash flow structure of each transaction. Key inputs to these models are market spreads, forecasted credit losses, and default and prepayment rates for each asset category.
- Valuation levels of RMBS and CMBS indices are used as an additional data point for benchmarking purposes or to price outright index positions.

Valuation Hierarchy Classification:

- Level 2—if value based on observable market data supported by market liquidity for comparable instruments
- Level 3—if external prices or significant spread inputs are unobservable or not supported by market liquidity or if the comparability assessment involves significant subjectivity related to property type differences, cash flows, performance or other inputs

Loans and Lending Commitments

Valuation Techniques:

- Fair value of corporate loans is determined using recently executed transactions, market price quotations (where observable), implied yields from comparable debt, market observable CDS spread levels obtained from independent external parties adjusted for any basis difference between cash and derivative instruments, along with proprietary valuation models and default recovery analysis where such transactions and quotations are unobservable.
- Fair value of contingent corporate lending commitments is determined by using executed transactions on comparable loans and the anticipated market price based on pricing indications from syndicate banks and customers. The valuation of loans and lending commitments also takes into account fee income that is considered an attribute of the contract.
- Fair value of mortgage loans is determined using observable prices based on transactional data or third-party pricing for comparable instruments, when available.
- Where position-specific external prices are not observable, fair value is estimated based on benchmarking to prices and rates observed in the primary market for similar loan

or borrower types or based on the present value of expected future cash flows using the Firm's best available estimates of the key assumptions, including forecasted credit losses, prepayment rates, forward yield curves and discount rates commensurate with the risks involved or a methodology that utilizes the capital structure and credit spreads of recent comparable securitization transactions.

- Fair value of equity margin loans is determined by discounting future interest cash flows, net of potential losses resulting from large downward price movements of the underlying margin loan collateral. The potential losses are modeled using the margin loan rate, which is calibrated from market observable CDS spreads, implied debt yields or volatility metrics of the loan collateral.

Valuation Hierarchy Classification:

- Level 2—if value based on observable market data supported by market liquidity for comparable instruments
- Level 3—in instances where prices or significant spread inputs are unobservable or not supported by market liquidity or if the comparability assessment involves significant subjectivity

Corporate and Other Debt*Corporate Bonds*

Valuation Techniques:

- Fair value is determined using recently executed transactions, market price quotations, bond spreads and CDS spreads obtained from independent external parties, such as vendors and brokers, adjusted for any basis difference between cash and derivative instruments.
- The spread data used **are is** for the same maturity as the bond. If the spread data **do does** not reference the issuer, then data that **reference references** comparable issuers are used. When position-specific external price data **are is** not observable, fair value is determined based on either benchmarking to comparable instruments or cash flow models with yield curves, bond or single-name CDS spreads and recovery rates or loss given default as significant inputs.

Valuation Hierarchy Classification:

- Level 2—if value based on observable market data for comparable instruments
- Level 3—in instances where prices or significant spread inputs are unobservable or if the comparability assessment involves significant subjectivity

CDOs

Valuation Techniques:

- The Firm holds cash CDOs that typically reference a tranche of an underlying synthetic portfolio of single-name CDS spreads collateralized by corporate bonds ("CLN") or cash portfolio of ABS/loans ("asset-backed CDOs").
- Credit correlation, a primary input used to determine the fair value of CLNs, is usually unobservable and derived using a benchmarking technique. Other model inputs, such as credit spreads, including collateral spreads and interest rates, are typically observable.
- Asset-backed CDOs are valued based on an evaluation of the market and model input parameters sourced from comparable instruments as indicated by market activity.

Each asset-backed CDO position is evaluated independently taking into consideration available comparable market levels, underlying collateral performance and pricing, deal structures and liquidity.

Valuation Hierarchy Classification:

- Level 2—when either comparable market transactions are observable or credit correlation input is insignificant
- Level 3—when either comparable market transactions are unobservable or the credit correlation input is significant

Equity Contracts with Financing Features

Valuation Techniques:

- Fair value of certain equity contracts, which are not classified as OTC derivatives because they do not meet the net investment criteria, is determined by discounting future interest cash flows, inclusive of the estimated value of the embedded optionality. The valuation uses the same derivative pricing models and valuation techniques as described under "OTC Derivative Contracts" herein.

Valuation Hierarchy Classification:

- Level 2—when the contract is valued using observable inputs or where the unobservable input is not deemed significant
- Level 3—when the contract is valued using an unobservable input that is deemed significant

Corporate Equities

Valuation Techniques:

- Exchange-traded equity securities are generally valued based on quoted prices from the exchange.
- Unlisted equity securities are generally valued based on an assessment of each security, considering rounds of financing and third-party transactions, discounted cash flow analyses and market-based information, including comparable transactions, trading multiples and changes in market outlook, among other factors.
- Listed fund units are generally marked to the exchange-traded price if actively traded, or to NAV if not. Unlisted fund units are generally marked to NAV.

Valuation Hierarchy Classification:

- Level 1—actively traded exchange-traded securities and fund units
- Level 2—if not actively traded, inputs are observable or if undergoing a recent M&A event or corporate action
- Level 3—if not actively traded, inputs are unobservable or if undergoing an aged M&A event or corporate action

Derivative and Other Contracts

Exchange-Traded Derivative Contracts

Valuation Techniques:

- Exchange-traded derivatives that are actively traded are valued based on quoted prices from the exchange.
- Exchange-traded derivatives that are not actively traded are valued using the same techniques as those applied to OTC derivatives as noted below.

Valuation Hierarchy Classification:

- Level 1—when actively traded
- Level 2—when not actively traded

OTC Derivative Contracts

Valuation Techniques:

- OTC derivative contracts include forward, swap and option contracts related to interest rates, foreign currencies, credit standing of reference entities, equity prices or commodity prices.
- Depending on the product and the terms of the transaction, the fair value of OTC derivative products can be modeled using a series of techniques, including closed-form analytic formulas, such as the Black-Scholes option-pricing model, simulation models or a combination thereof. Many pricing models do not entail material subjectivity as the methodologies employed do not necessitate significant judgment since model inputs may be observed from actively quoted markets, as is the case for generic interest rate swaps, many equity, commodity and foreign currency option contracts, and certain CDS. In the case of more established derivative products, the pricing models used by the Firm are widely accepted by the financial services industry.
- More complex OTC derivative products are typically less liquid and require more judgment in the implementation of the valuation technique since direct trading activity or quotes are unobservable. This includes certain types of interest rate derivatives with both volatility and correlation exposure, equity, commodity or foreign currency derivatives that are either longer-dated or include exposure to multiple underlyings, and credit derivatives, including CDS on certain mortgage- or asset-backed securities and basket CDS. Where required inputs are unobservable, relationships to observable data points, based on historical and/or implied observations, may be employed as a technique to estimate the model input values. For further information on the valuation techniques for OTC derivative products, see Note 2.

Valuation Hierarchy Classification:

- Level 2—when valued using observable inputs supported by market liquidity or where the unobservable input is not deemed significant
- Level 3—when valued using observable inputs with limited market liquidity or if an unobservable input is deemed significant

Investments

Valuation Techniques:

- Investments include direct investments in equity securities, as well as various investment management funds, which include DCP investments.
- Exchange-traded direct equity investments are generally valued based on quoted prices from the exchange.
- For direct investments, initially, the transaction price is generally considered by the Firm as the exit price and is its best estimate of fair value.
- After initial recognition, in determining the fair value of non-exchange-traded internally and externally managed funds, the Firm generally considers the NAV of the fund provided by the fund manager to be the best estimate of fair value. These investments are included in the Fund

Interests table in the "Net Asset Value Measurements" section herein.

- For non-exchange-traded investments either held directly or held within internally managed funds, fair value after initial recognition is based on an assessment of each underlying investment, considering rounds of financing and third-party transactions, discounted cash flow analyses and market-based information, including comparable Firm transactions, trading multiples and changes in market outlook, among other factors.

Valuation Hierarchy Classification:

- Level 1—if actively traded
- Level 2—when not actively traded and valued based on rounds of financing or third-party transactions
- Level 3—when not actively traded and rounds of financing or third-party transactions are not available

Physical Commodities

Valuation Techniques:

- Fair value is determined using observable inputs, including broker quotations and published indices.

Valuation Hierarchy Classification:

- Level 2—valued using observable inputs

Investment Securities—AFS Securities

Valuation Techniques:

- AFS securities are composed of U.S. government and agency securities (e.g., U.S. Treasury securities, agency-issued debt, agency mortgage pass-through securities and CMOs), CMBS, ABS, state and municipal securities. For further information on the determination of fair value, refer to the corresponding asset/liability Valuation Technique described herein for the same instruments.

Valuation Hierarchy Classification:

- For further information on the determination of valuation hierarchy classification, see the corresponding Valuation Hierarchy Classification described herein.

Deposits

Valuation Techniques:

- The Firm issues FDIC-insured certificates of deposit that pay either fixed coupons or that have repayment terms linked to the performance of debt or equity securities, indices or currencies. The fair value of these certificates of deposit is determined using valuation models that incorporate observable inputs referencing identical or comparable securities, including prices to which the deposits are linked, interest rate yield curves, option volatility and currency rates, equity prices, and the impact of the Firm's own credit spreads, adjusted for the impact of the FDIC insurance, which is based on vanilla deposit issuance rates.

Valuation Hierarchy Classification:

- Level 2—when valuation inputs are observable
- Level 3—in instances where an unobservable input is deemed significant

Securities Purchased under Agreements to Resell and Securities Sold under Agreements to Repurchase

Valuation Techniques:

- Fair value is computed using a standard cash flow discounting methodology.
- The inputs to the valuation include contractual cash flows and collateral funding spreads, which are the incremental spread over the OIS rate for a specific collateral rate (which refers to the rate applicable to a specific type of security pledged as collateral).

Valuation Hierarchy Classification:

- Level 2—when the valuation inputs are observable and supported by market liquidity
- Level 3—in instances where the valuation input is observable but not supported by market liquidity or if an unobservable input is deemed significant

Other Secured Financings

Valuation Techniques:

- Other secured financings are composed of short-dated notes secured by Corporate equities, agreements to repurchase Physical commodities, the liabilities related to sales of Loans and lending commitments accounted for as financings, and secured contracts that are not classified as OTC derivatives because they fail net investment criteria. For further information on the determination of fair value, refer to the Valuation Techniques described herein for the corresponding instruments, which are the collateral referenced by the other secured financing liability.

Valuation Hierarchy Classification:

- For further information on the determination of valuation hierarchy classification, see the Valuation Hierarchy Classification described herein for the corresponding instruments, which are the collateral referenced by the other secured financing liability.

Borrowings

Valuation Techniques:

- The Firm carries certain borrowings at fair value that are primarily composed of: instruments whose payments and redemption values are linked to the performance of a specific index, a basket of stocks, a specific equity security, a commodity, a credit exposure or basket of credit exposures; and instruments with various interest rate-related features, including step-ups, step-downs and zero coupons. Also included are unsecured contracts that are not classified as OTC derivatives because they fail initial net investment criteria.
- Fair value is determined using valuation models for the derivative and debt portions of the instruments. These models incorporate observable inputs referencing identical or comparable securities, including prices to which the instruments are linked, interest rate yield curves, option volatility and currency rates, and commodity or equity prices.
- Independent, external and traded prices are considered, as well as the impact of the Firm's own credit spreads, which are based on observed secondary bond market spreads.

Valuation Hierarchy Classification:

- Level 2—when valued using observable inputs or where the unobservable input is

not deemed significant

- Level 3—in instances where an unobservable input is deemed significant

Rollforward of Level 3 Assets and Liabilities Measured at Fair Value on a Recurring Basis

\$ in millions	\$ in millions	2023	2022	2021	\$ in millions	2024	2023	2022
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U.S. Treasury and agency securities

Beginning balance								
Beginning balance								
Beginning balance								
Realized and unrealized gains (losses)								
Purchases								
Sales								
Net transfers								
Net transfers								
Net transfers								
Ending balance								
Unrealized gains (losses)								

Other sovereign government obligations

Beginning balance								
Beginning balance								
Beginning balance								
Realized and unrealized gains (losses)								
Purchases								
Sales								
Net transfers								
Net transfers								
Net transfers								
Ending balance								
Unrealized gains (losses)								

State and municipal securities

Beginning balance								
Beginning balance								
Beginning balance								
Realized and unrealized gains (losses)								
Purchases								
Sales								
Net transfers								
Net transfers								
Net transfers								
Ending balance								
Unrealized gains (losses)								

MABS

Beginning balance								
Beginning balance								
Beginning balance								
Realized and unrealized gains (losses)								
Purchases								
Sales								
Net transfers								
Net transfers								
Net transfers								

Ending balance
Unrealized gains (losses)
Loans and lending commitments
Beginning balance
Beginning balance
Beginning balance
Realized and unrealized gains (losses)
Purchases and originations
Sales
Settlements
Net transfers ¹
Net transfers
Ending balance
Unrealized gains (losses)
Corporate and other debt
Beginning balance
Beginning balance
Beginning balance
Realized and unrealized gains (losses)
Purchases and originations
Sales
Settlements
Net transfers ²
Ending balance
Unrealized gains (losses)

\$ in millions \$ in millions 2023 2022 2021 \$ in millions 2024 2023 2022

Corporate and other debt
Beginning balance
Beginning balance
Beginning balance
Realized and unrealized gains (losses)
Purchases and originations
Sales
Settlements
Net transfers
Ending balance
Unrealized gains (losses)

Corporate equities
Beginning balance
Beginning balance
Beginning balance
Realized and unrealized gains (losses)
Purchases
Sales
Net transfers
Net transfers
Net transfers
Ending balance
Unrealized gains (losses)

Investments

Beginning balance
Beginning balance
Beginning balance
Realized and unrealized gains (losses)
Purchases
Sales
Net transfers
Net transfers
Net transfers
Ending balance
Unrealized gains (losses)

Investment securities—AFS

Beginning balance
Beginning balance
Beginning balance
Realized and unrealized gains (losses)
Sales
Sales
Sales
Net transfers ₃
Net transfers ₃
Net transfers ₃
Net transfers
Net transfers
Net transfers
Ending balance
Unrealized gains (losses)

Securities purchased under agreements to resell

Beginning balance
Beginning balance
Beginning balance
Net transfers
Net transfers
Net derivatives: Interest rate
Net transfers
Ending balance
Unrealized gains (losses)
Net derivatives: Interest rate

Net derivatives: Interest rate

Beginning balance
Beginning balance
Beginning balance
Realized and unrealized gains (losses)
Purchases
Issuances
Settlements
Net transfers
Ending balance
Unrealized gains (losses)

Net derivatives: Credit

Beginning balance

Beginning balance
Beginning balance
Realized and unrealized gains (losses)
Purchases
Issuances
Settlements
Net transfers
Ending balance
Unrealized gains (losses)
Net derivatives: Foreign exchange
Beginning balance
Beginning balance
Beginning balance
Realized and unrealized gains (losses)
Purchases
Issuances
Settlements
Net transfers
Ending balance
Unrealized gains (losses)

Notes to Consolidated Financial Statements



<i>\$ in millions</i>	<i>\$ in millions</i>	2023	2022	2021	<i>\$ in millions</i>	2024	2023	2022
Net derivatives: Foreign exchange								
Beginning balance								
Beginning balance								
Beginning balance								
Realized and unrealized gains (losses)								
Purchases								
Issuances								
Settlements								
Net transfers								
Ending balance								
Unrealized gains (losses)								
Net derivatives: Equity								
Beginning balance								
Beginning balance								
Beginning balance								
Realized and unrealized gains (losses)								
Purchases								
Issuances								
Settlements								
Net transfers								

Net transfers
Ending balance
Unrealized gains (losses)
Net derivatives: Commodity and other
Beginning balance
Beginning balance
Beginning balance
Realized and unrealized gains (losses)
Purchases
Issuances
Settlements
Net transfers
Ending balance
Unrealized gains (losses)
Deposits
Beginning balance
Beginning balance
Beginning balance
Realized and unrealized losses (gains)
Issuances
Issuances
Issuances
Settlements
Net transfers
Ending balance
Unrealized losses (gains)
Nonderivative trading liabilities
Beginning balance
Beginning balance
Beginning balance
Realized and unrealized losses (gains)
Purchases
Sales
Net transfers
Net transfers
Net transfers
Ending balance
Unrealized losses (gains)
Securities sold under agreements to repurchase
Beginning balance
Beginning balance
Beginning balance
Realized and unrealized losses (gains)
Issuances
Issuances
Issuances
Settlements
Net transfers
Ending balance
Unrealized losses (gains)

Other secured financings
Beginning balance
Beginning balance
Beginning balance
Realized and unrealized losses (gains)
Issuances
Issuances
Issuances
Settlements
Net transfers
Ending balance
Unrealized losses (gains)

\$ in millions	2023	2022	2021
Borrowings			
Beginning balance	\$ 1,587	\$ 2,157	\$ 4,374
Realized and unrealized losses (gains)	219	(133)	(99)
Issuances	708	513	717
Settlements	(391)	(285)	(448)
Net transfers ²	(245)	(665)	(2,387)
Ending balance	\$ 1,878	\$ 1,587	\$ 2,157
Unrealized losses (gains)	\$ 182	\$ (138)	\$ (114)
Portion of unrealized losses (gains) recorded in OCI—Change in net DVA	29	(35)	(17)

1. Net transfers in 2021 reflect the transfer in the third quarter of \$895 million of equity margin loans from Level 3 to Level 2 as a result of the reduced significance of the margin loan rate input.

2. Net transfers in 2021 reflect the transfer in the second quarter of \$2.0 billion of Corporate and other debt, \$1.0 billion of net Equity derivatives and \$2.2 billion of Borrowings from Level 3 to Level 2 as the unobservable inputs were not significant to the overall fair value measurements.

3. Net transfers in 2021 reflect the transfer in the first quarter of \$2.5 billion of AFS securities from Level 3 to Level 2 due to increased trading activity and observability of pricing inputs.

\$ in millions	2024	2023	2022
Other secured financings			
Beginning balance	\$ 92	\$ 91	\$ 403
Realized and unrealized losses (gains)	(14)	5	(6)
Sales	(21)	—	—
Issuances	112	83	39
Settlements	(113)	(99)	(342)
Net transfers	20	12	(3)
Ending balance	\$ 76	\$ 92	\$ 91
Unrealized losses (gains)	\$ (14)	\$ 5	\$ (6)
Borrowings			
Beginning balance	\$ 1,878	\$ 1,587	\$ 2,157
Realized and unrealized losses (gains)	4	219	(133)
Issuances	288	708	513
Settlements	(255)	(391)	(285)
Net transfers	(968)	(245)	(665)
Ending balance	\$ 947	\$ 1,878	\$ 1,587
Unrealized losses (gains)	\$ 16	\$ 182	\$ (138)
Portion of unrealized losses (gains) recorded in OCI—Change in net DVA	7	29	(35)

Level 3 instruments may be hedged with instruments classified in Level 2 and Level 1.

Level 3 instruments may be netted with instruments classified in Level 1 and Level 2. The realized and unrealized gains or losses for assets and liabilities within the Level 3 category presented in the previous tables do not reflect the related realized and unrealized gains or losses on hedging instruments that have been classified by the Firm within the Level 1 and/or Level 2 categories.

The unrealized gains (losses) during the period for assets and liabilities within the Level 3 category may include changes in fair value during the period that were attributable to both observable and unobservable inputs. Total realized and unrealized gains (losses) are primarily included in Trading revenues in the income statement.

Additionally, in the previous tables, consolidations of VIEs are included in Purchases, and deconsolidations of VIEs are included in Settlements.

Significant Unobservable Inputs Used in Recurring and Nonrecurring Level 3 Fair Value Measurements

Valuation Techniques and Unobservable Inputs

	Balance / Range (Average:)			
	At December 31, 2023	At December 31, 2022	At December 31, 2024	At December 31, 2023
Assets at Fair Value on a Recurring Basis				
Other sovereign government obligations				
Other sovereign government obligations				
Other sovereign government obligations				
Comparable pricing:				
Bond price				
Bond price				
Bond price	61 to 110 points (87 points)	57 to 124 points (89 points)	45 to 104 points (75 points)	61 to 110 points (87 points)
State and municipal securities				
Comparable pricing:				
Bond price				
Bond price				
Bond price		86 to 100 points (97 points)		
Bond price		N/M		
MABS				
MABS				
MABS				
Comparable pricing:				
Bond price				
Bond price				
Bond price	0 to 88 points (61 points)	0 to 95 points (68 points)	27 to 98 points (67 points)	0 to 88 points (61 points)

Notes to Consolidated Financial Statements



Balance / Range (Average:)			
At December	At December 31,	At December	At December

\$ in millions, except inputs	\$ in millions, except inputs	31, 2023	2022	\$ in millions, except inputs	31, 2024	31, 2023
Loans and lending commitments						
Margin loan model:						
Margin loan rate						
Margin loan rate						
Margin loan rate		2% to 4% (3%)	2% to 4% (3%)	1% to 4% (3%)		2% to 4% (3%)
Comparable pricing:						
Loan price						
Loan price						
Loan price		85 to 102 points (98 points)	87 to 105 points (99 points)	49 to 102 points (90 points)		85 to 102 points (98 points)
Corporate and other debt						
Comparable pricing:						
Bond price						
Bond price						
Bond price		28 to 135 points (82 points)	51 to 132 points (90 points)	28 to 130 points (83 points)		28 to 135 points (82 points)
Discounted cash flow:						
Loss given default						
Loss given default						
Loss given default		54% to 84% (62% / 54%)	54% to 84% (62% / 54%)	54% to 84% (62% / 54%)		54% to 84% (62% / 54%)
Corporate equities						
Corporate equities						
Corporate equities						
Comparable pricing:						
Equity price						
Equity price						
Equity price		100%	100%	100%		100%
Investments						
Discounted cash flow:						
WACC						
WACC						
WACC		16% to 18% (17%)	15% to 17% (16%)	12% to 21% (16%)		16% to 18% (17%)
Exit multiple	Exit multiple	9 to 17 times (15 times)	7 to 17 times (14 times)	Exit multiple	9 to 10 times (10 times)	9 to 17 times (15 times)
Market approach:						
EBITDA multiple						
EBITDA multiple						
EBITDA multiple		22 times	7 to 21 times (11 times)	20 times		22 times
Comparable pricing:						
Equity price						
Equity price						
Equity price		24% to 100% (86%)	24% to 100% (89%)	24% to 100% (84%)		24% to 100% (86%)
Net derivative and other contracts:						
Net derivative and other contracts:						

net derivative and other contracts:

Interest rate

Interest rate

Interest rate

Option model:

IR volatility skew

IR volatility skew

IR volatility skew		70% to 100% (81% / 93%)	105% to 130% (113% / 109%)	72% to 97% (81% / 79%)	70% to 100% (81% / 93%)
IR curve correlation	IR curve correlation	49% to 99% (77% / 79%)	47% to 100% (80% / 84%)	IR curve correlation	28% to 99% (83% / 86%)
Bond volatility	Bond volatility	79% to 85% (82% / 85%)	N/M	Bond volatility	78% to 148% (92% / 92%)
Inflation volatility	Inflation volatility	27% to 70% (43% / 39%)	22% to 65% (43% / 38%)	Inflation volatility	30% to 68% (44% / 38%)
IR curve			4% to 5% (5% / 5%)		

Credit

Credit

Credit

Credit default

swap model:

Cash-synthetic basis

Cash-synthetic basis

Cash-synthetic basis		7 points	7 points	7 points	7 points
Bond price	Bond price	0 to 92 points (46 points)	0 to 83 points (43 points)	Bond price	0 to 90 points (48 points)
Credit spread	Credit spread	10 to 404 bps (94 bps)	10 to 528 bps (115 bps)	Credit spread	10 to 360 bps (90 bps)
Funding spread	Funding spread	18 to 590 bps (67 bps)	18 to 590 bps (93 bps)	Funding spread	10 to 590 bps (76 bps)

Foreign exchange:

Foreign exchange:

Foreign exchange:

Option model:

IR curve

IR curve

IR curve		-4% to 26% (7% / 5%)	-2% to 38% (8% / 4%)	5% to 10% (8% / 8%)	-4% to 26% (7% / 5%)
Foreign exchange volatility skew	Foreign exchange volatility skew	-3% to 12% (2% / 0%)	10% to 10% (10% / 10%)	Foreign exchange volatility skew	N/M
Contingency probability	Contingency probability	95%	95%	Contingency probability	90% to 95% (91% / 95%)

Equity:

Option model:

Equity volatility

Equity volatility

Equity volatility		6% to 97% (23%)	5% to 96% (25%)	7% to 98% (20%)	6% to 97% (23%)
Equity volatility skew	Equity volatility skew	-1% to 0% (0%)	-4% to 0% (-1%)	Equity volatility skew	-2% to 0% (-1%)
Equity correlation	Equity correlation	25% to 97% (49%)	10% to 93% (71%)	Equity correlation	20% to 94% (58%)
FX correlation	FX correlation	-79% to 40% (-28%)	-79% to 65% (-26%)	FX correlation	-68% to 60% (-36%)
IR correlation	IR correlation	10% to 30% (15%)	10% to 30% (14%)	IR correlation	N/M

Commodity and other

Option model:			
Forward power price			
Forward power price			
Forward power price	\$0 to \$185 (\$48) per MWh	\$0 to \$220 (\$49) per MWh	
Commodity volatility	0% to 165% (37%)	8% to 123% (31%)	
Cross-commodity correlation	54% to 100% (94%)	54% to 100% (94%)	

Balance / Range (Average):

\$ in millions, except inputs	At December 31,		At December 31,		At December 31,	
	2023	2022	2023	2022	31, 2024	2023
Commodity and other						
Option model:						
Forward power price						
Forward power price						
Forward power price	\$0 to \$220 (\$49) per MWh	\$1 to \$292 (\$43) per MWh				
Commodity volatility	8% to 123% (31%)	12% to 169% (34%)				
Cross-commodity correlation	54% to 100% (94%)	70% to 100% (94%)				

Liabilities at Fair Value on a Recurring Basis

Securities sold under

agreements to repurchase

Securities sold under

agreements to repurchase

Securities sold under

agreements to repurchase

Discounted cash

flow:

Funding spread

Funding spread

Funding spread	28 to 135 bps (79 bps)	96 to 165 bps (131 bps)	11 to 102 bps (36 / 26 bps)	28 to 135 bps (79 bps)
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Other secured

financings

Comparable

pricing:

Loan price

Loan price

Loan price	22 to 101 points (76 points)	23 to 101 points (75 points)	0 to 100 points (33 points)	22 to 101 points (76 points)
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Borrowings

Borrowings

Borrowings

Option model:

Equity volatility

Equity volatility

Equity volatility	6% to 69% (13%)	7% to 86% (23%)	7% to 71% (21%)	6% to 69% (13%)
-------------------	-----------------	-----------------	-----------------	-----------------

Equity volatility skew				
	-2% to 0% (0%)			

Equity correlation				
	41% to 97% (79%)	39% to 98% (86%)	53% to 64% (58%)	41% to 97% (79%)

Equity - FX correlation				
	-65% to 40% (-30%)	-50% to 0% (-21%)	-52% to 24% (-12%)	-65% to 40% (-30%)

IR curve correlation	IR curve correlation	IR curve correlation	IR curve correlation	IR curve correlation
	50% to 89% (71% / 70%)	N/M	N/M	50% to 89% (71% / 70%)

Credit default swap model:				
Credit spread				
Credit spread				
Credit spread	247 to 433 bps (340 bps)		N/M	
IR - Volatility skew				
IR - Volatility skew				
IR - Volatility skew			47% to 136% (74% / 59%)	
Discounted cash flow:				
Discounted cash flow:				
Discounted cash flow:				
Loss given default				
Loss given default				
Loss given default	54% to 84% (62% / 54%)	54% to 84% (62% / 54%)	54% to 84% (62% / 54%)	54% to 84% (62% / 54%)
Nonrecurring Fair Value Measurement				
Nonrecurring Fair Value Measurement				
Nonrecurring Fair Value Measurement				
Loans				
Loans				
Loans				
Corporate loan model:				
Credit spread				
Credit spread				
Credit spread	99 to 1,467 bps (1,015 bps)	91 to 1,276 bps (776 bps)	109 to 1,469 bps (1,007 bps)	99 to 1,467 bps (1,015 bps)
Comparable pricing:				
Loan price				
Loan price				
Loan price	25 to 93 points (70 points)	36 to 80 points (65 points)	25 to 100 points (71 points)	25 to 93 points (70 points)
Warehouse model:				
Credit spread				
Credit spread				
Credit spread	115 to 268 bps (185 bps)	110 to 319 bps (245 bps)	207 to 280 bps (254 bps)	115 to 268 bps (185 bps)

Points—Percentage of par
 IR—Interest rate
 FX—Foreign exchange

1. A single amount is disclosed for range and average when there is no significant difference between the minimum, maximum and average. Amounts represent weighted averages except where simple averages and the median of the inputs are more relevant.
2. Includes derivative contracts with multiple risks (i.e., hybrid products).

The previous table provides information on the valuation techniques, significant unobservable inputs, and the ranges and averages for each major category of assets and liabilities measured at fair value on a recurring and nonrecurring basis with a significant Level 3 balance. The level of aggregation and breadth of products cause the range of inputs to be wide and not evenly distributed across the inventory of financial instruments. Further, the range of unobservable inputs may differ across firms in the financial services industry because of diversity in the types of products included in each firm's inventory. Generally, there are no predictable relationships between multiple significant unobservable inputs attributable to a given valuation technique.

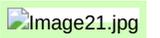
Notes to Consolidated Financial Statements



During 2023, 2024, there were no significant revisions made to the descriptions of the Firm's significant unobservable inputs.

An increase (decrease) to the following significant unobservable inputs would generally result in a higher (lower) fair value.

Notes to Consolidated Financial Statements



- **Comparable Bond or Loan Price.** A pricing input used when prices for the identical instrument are not available. Significant subjectivity may be involved when fair value is determined using pricing data available for comparable instruments. Valuation using comparable instruments can be done by calculating an implied yield (or spread over a liquid benchmark) from the price of a comparable bond or loan, then adjusting that yield (or spread) to derive a value for the bond or loan. The adjustment to yield (or spread) should account for relevant differences in the bonds or loans, such as maturity or credit quality. Alternatively, a price-to-price basis can be assumed between the comparable instrument and the bond or loan being valued in order to establish the value of the bond or loan.
- **Comparable Equity Price.** A price derived from equity raises, share buybacks and external bid levels, etc. A discount or premium may be included in the fair value estimate.
- **Contingency Probability.** Probability associated with the realization of an underlying event upon which the value of an asset is contingent.
- **EBITDA Multiple/Exit Multiple.** The ratio of enterprise value to EBITDA, where enterprise value is the aggregate value of equity and debt minus cash and cash equivalents. The EBITDA multiple reflects the value of a company in terms of its full-year EBITDA, whereas the exit multiple reflects the value of a company in terms of its full-year expected EBITDA at exit. Either multiple allows comparison between companies from an operational perspective as the effect of capital structure, taxation and depreciation/amortization is excluded.

An increase (decrease) to the following significant unobservable inputs would generally result in a lower (higher) fair value.

- **Cash-Synthetic Basis.** The measure of the price differential between cash financial instruments and their synthetic derivative-based equivalents. The range disclosed in the previous table signifies the number of points by which the synthetic bond equivalent price is higher than the quoted price of the underlying cash bonds.
- **Funding Spread.** The cost of borrowing defined as the incremental spread over the OIS rate for a specific collateral rate (which refers to the rate applicable to a specific type of security pledged as collateral).
- **Loss Given Default.** Amount expressed as a percentage of par that is the expected loss when a credit event occurs.
 - **WACC.** WACC represents the theoretical rate of return required to debt and equity investors. The WACC is used in a discounted cash flow model that calculates the value of the equity. The model assumes that the cash flow assumptions, including projections, are fully reflected in the current equity value, while the debt to equity ratio is held constant.

An increase (decrease) to the following significant unobservable inputs would generally result in an impact to the fair value, but the magnitude and direction of the impact would depend on whether the Firm is long or short the exposure.

- **Correlation.** A pricing input where the payoff is driven by more than one underlying risk. Correlation is a measure of the relationship between the movement of two variables (i.e., how the change in one variable influences a change in the other variable).
- **Credit Spread.** The credit spread reflects the additional net yield an investor can earn from a security with more credit risk relative to one with less credit risk. The credit spread of a particular security is often quoted in relation to the yield on a credit risk-free benchmark security or reference rate.
- **Interest Rate Curve.** The term structure of interest rates (relationship between interest rates and the time to maturity) and a market's measure of future interest rates at the time of observation. An interest rate curve is used to set interest rate and foreign exchange derivative cash flows and is a pricing input used in the discounting of any OTC derivative cash flow.

discounting of any OTC derivative cash flow.

- **Volatility.** The measure of variability in possible returns for an instrument given how much that instrument changes in value over time. Volatility is a pricing input for options, and, generally, the lower the volatility, the less risky the option. The level of volatility used in the valuation of a particular option depends on a number of factors, including the nature of the risk underlying that option, the tenor and the strike price of the option.
- **Volatility Skew.** The measure of the difference in implied volatility for options with identical underliers and expiry dates but with different strikes.

Notes to Consolidated Financial Statements



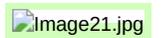
Net Asset Value Measurements

Fund Interests

	At December 31,				At December 31,			
	2023		2022		2024		2023	
	\$ in millions	Carrying Value	Carrying Value	Commitment	\$ in millions	Carrying Value	Carrying Value	Commitment
Private equity								
Private equity and other								
Real estate								
Hedge								
Total								

Amounts in the previous table represent the Firm's carrying value of general and limited partnership interests in fund

Notes to Consolidated Financial Statements



investments, as well as any related performance-based income in the form of carried interest. The carrying amounts are measured based on the NAV of the fund taking into account the distribution terms applicable to the interest held. This same measurement applies whether the fund investments are accounted for under the equity method or fair value.

Private Equity, Equity and Other. Funds Amounts include private equity, private credit and other funds that pursue multiple strategies, including leveraged buyouts, venture capital, infrastructure growth capital, distressed investments and mezzanine capital. In addition, the funds may be structured with a focus on specific geographic regions.

Real Estate. Funds that invest in real estate assets such as commercial office buildings, retail properties, multifamily residential properties, developments or hotels. In addition, the funds may be structured with a focus on specific geographic regions.

Investments in private equity Private Equity and real estate Other funds and Real Estate funds generally are not redeemable due to the closed-end nature of these funds. Instead, distributions from each fund will be received as the underlying investments of the funds are disposed and monetized.

Hedge. Funds that pursue various investment strategies, including long-short equity, fixed income/credit, event-driven and multi-strategy. Investments in hedge funds may be subject to initial period lock-up or gate provisions, which restrict an investor from withdrawing from the fund during a certain initial period or restrict the redemption amount on any redemption date, respectively.

See Note 14 for information regarding general partner guarantees, which include potential obligations to return performance fee distributions previously received. See Note 22 for information regarding unrealized carried interest at risk of reversal.

Nonredeemable Funds by Contractual Maturity

\$ in millions	Carrying Value at December 31, 2023		Carrying Value at December 31, 2024	
	\$ in millions	Real Estate	\$ in millions	Real Estate
Less than 5 years				
5-10 years				
Over 10 years				
Total				

Nonrecurring Fair Value Measurements

Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis

\$ in millions	At December 31, 2023			At December 31, 2024		
	\$ in millions	Level 2	Level 3: Total	\$ in millions	Level 2	Level 3: Total
Assets						
Loans						
Loans						
Loans						
Other assets—Other investments						
Other assets—ROU assets						
Other assets—ROU assets						
Other assets—ROU assets						
Total						
Liabilities						
Other liabilities and accrued expenses—Lending commitments						
Other liabilities and accrued expenses—Lending commitments						
Other liabilities and accrued expenses—Lending commitments						
Total						

\$ in millions	At December 31, 2022			At December 31, 2023		
	\$ in millions	Level 2	Level 3: Total	\$ in millions	Level 2	Level 3: Total

Assets
Loans
Loans
Loans
Other assets—Other investments
Other assets—ROU assets
Total
Liabilities
Other liabilities and accrued expenses—Lending commitments
Other liabilities and accrued expenses—Lending commitments
Other liabilities and accrued expenses—Lending commitments
Total

1. For significant Level 3 balances, refer to "Significant Unobservable Inputs Used in Recurring and Nonrecurring Level 3 Fair Value Measurements" section herein for details of the significant unobservable inputs used for nonrecurring fair value measurement.

Gains (Losses) from Nonrecurring Fair Value Remeasurements:

<i>\$ in millions</i>	<i>\$ in millions</i>	2023	2022	2021	<i>\$ in millions</i>	2024	2023	2022
Assets								
Loans ²								
Loans ²								
Loans ²								
Goodwill								
Intangibles								
Other assets—Other investments ³								
Other assets—Other investments ³								
Other assets—Other investments ³								
Other assets—Premises, equipment and software ⁴								
Other assets—ROU assets ⁵								
Total								
Liabilities								
Other liabilities and accrued expenses—Lending commitments ²								
Other liabilities and accrued expenses—Lending commitments ²								
Other liabilities and accrued expenses—Lending commitments ²								
Total								

- Gains and losses for Loans and Other assets—Other investments are classified in Other revenues. For other items, gains and losses are recorded in Other revenues if the item is held for sale; otherwise, they are recorded in Other expenses.
- Nonrecurring changes in the fair value of loans and lending commitments, which exclude the impact of related economic hedges, are calculated as follows: for the held-for-investment category, based on the value of the underlying collateral; and for the held-for-sale category, based on recently executed transactions, market price quotations, valuation models that incorporate market observable inputs where possible, such as comparable loan or debt prices and CDS spread levels adjusted for any basis difference between cash and derivative instruments, or default recovery analysis where such transactions and quotations are unobservable.
- Losses related to Other assets—Other investments were determined using techniques that included discounted cash flow models, methodologies that incorporate multiples of certain comparable companies and recently executed transactions.
- Losses related to Other assets—Premises, equipment and software generally include impairments as well as write-offs related to the disposal of certain assets.
- Losses related to Other Assets—ROU assets include impairments related to the discontinued leased properties.

Notes to Consolidated Financial Statements



Financial Instruments Not Measured at Fair Value

	At December 31, 2023					At December 31, 2024				
	\$ in millions	Carrying Value	Fair Value			\$ in millions	Carrying Value	Fair Value		
			Level 1	Level 2	Level 3			Level 1	Level 2	Level 3

Financial assets

Cash and cash equivalents
Cash and cash equivalents
Cash and cash equivalents
Investment securities—HTM
Securities purchased under agreements to resell
Securities borrowed
Customer and other receivables
Loans ^{1,2}
Loans ¹
Held for investment
Held for investment
Held for investment
Held for sale

Other assets

Financial liabilities

Deposits
Securities sold under agreements to repurchase
Securities loaned
Other secured financings
Customer and other payables
Borrowings

	Commitment Amount
Lending commitments ³	
Lending commitments ³	
Lending commitments ³	
Lending commitments ²	
Lending commitments ²	
Lending commitments ²	

	At December 31, 2022						At December 31, 2023					
	\$ in millions	Carrying Value	Fair Value			Total	\$ in millions	Carrying Value	Fair Value			Total
			Level 1	Level 2	Level 3				Level 1	Level 2	Level 3	

Financial assets

Cash and cash equivalents
Cash and cash equivalents
Cash and cash equivalents
Investment securities—HTM
Securities purchased under agreements to resell
Securities borrowed
Customer and other receivables
Loans ^{1,2}
Loans ¹
Held for investment
Held for investment
Held for investment

Held for sale
Other assets
Financial liabilities
Deposits
Securities sold under agreements to repurchase
Securities loaned
Other secured financings
Customer and other payables
Borrowings

	Commitment Amount
Lending commitments ₁	
Lending commitments ₁	
Lending commitments ₁	
Lending commitments ₂	
Lending commitments ₂	
Lending commitments ₂	

1. Amounts include loans measured at fair value on a nonrecurring basis.
2. Loans amounts have been disaggregated into HFI and HFS for the first time in the fourth quarter of 2023. Prior period amounts have been revised to match the current period presentation.
3. Represents Lending commitments accounted for as Held for Investment and Held for Sale. For a further discussion on lending commitments, see Note 14.

The previous tables exclude all non-financial assets and liabilities, such as Goodwill and Intangible assets, and certain

financial instruments, such as equity method investments and certain receivables.

5. Fair Value Option

The Firm has elected the fair value option for certain eligible instruments that are risk managed on a fair value basis to mitigate income statement volatility caused by measurement basis differences between the elected instruments and their associated risk management transactions or to eliminate complexities of applying certain accounting models.

Borrowings Measured at Fair Value on a Recurring Basis

\$ in millions	\$ in millions		\$ in millions	
	At December 31, 2023	At December 31, 2022	At December 31, 2024	At December 31, 2023

Business Unit Responsible for Risk Management

Equity
Interest rates
Commodities
Credit
Foreign exchange
Total

Net Revenues from Borrowings Liabilities under the Fair Value Option

\$ in millions	2023	2022	2021
Trading revenues	\$ (7,991)	\$ 12,370	\$ 899
Interest expense	503	293	305
Net revenues₁	\$ (8,494)	\$ 12,077	\$ 594

\$ in millions	Trading Revenues	Interest Expense	Net Revenues ₁
2024			
Borrowings	\$ (1,118)	\$ 650	(1,767)
Deposits	(134)	242	(376)

2023				
Borrowings		(7,991)	503	(8,494)
2022				
Borrowings		12,370	293	12,077

1. Amounts do not reflect any gains or losses from related economic hedges.

Gains (losses) from changes in fair value are recorded in Trading revenues and are mainly attributable to movements in the reference price or index, interest rates or foreign exchange rates.

Gains (Losses) Due to Changes in Instrument-Specific Credit Risk

\$ in millions	\$ in millions	Trading		\$ in millions	Trading	
		Revenues	OCI		Revenues	OCI
2024						
Loans and other receivables:						
Loans and other receivables:						
Loans and other receivables:						
Lending commitments						
Deposits						
Borrowings						
2023						
Loans and other receivables:						
Loans and other receivables:						
Loans and other receivables:						
Lending commitments						
Deposits						
Borrowings						
2022						
Loans and other receivables:						
Loans and other receivables:						
Loans and other receivables:						
Lending commitments						
Deposits						
Borrowings						
2021						
Loans and other receivables:						
Loans and other receivables:						
Loans and other receivables:						
Lending commitments						
Deposits						
Borrowings						

Notes to Consolidated Financial Statements



\$ in millions	At		At	
	December 31, 2023	December 31, 2022	December 31, 2024	December 31, 2023

Cumulative pre-tax DVA gain (loss) recognized in AOCI

1. Loans and other receivables-specific credit gains (losses) were determined by excluding the non-credit components of gains and losses.

Difference between Contractual Principal and Fair Value:

\$ in millions	At		At	
	December 31, 2023	December 31, 2022	December 31, 2024	December 31, 2023
Loans and other receivables:				
Nonaccrual loans:				
Borrowings:				

1. Amounts indicate contractual principal greater than or (less than) fair value.
2. The majority of the difference between principal and fair value amounts for loans and other receivables relates to distressed debt positions purchased at amounts well below par.
3. Excludes borrowings where the repayment of the initial principal amount fluctuates based on changes in a reference price or index.

The previous tables exclude non-recourse debt from consolidated VIEs, liabilities related to transfers of financial assets treated as collateralized financings, pledged commodities and other liabilities that have specified assets attributable to them.

Fair Value Loans on Nonaccrual Status

\$ in millions	At		At	
	December 31, 2023	December 31, 2022	December 31, 2024	December 31, 2023
Nonaccrual loans				
Nonaccrual loans 90 or more days past due				

6. Derivative Instruments and Hedging Activities

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

The Firm manages its market-making 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). The Firm manages the market risk associated with its market-making activities on a Firmwide basis, on a worldwide trading division level and on an individual product basis.

Fair Values of Derivative Contracts

	Assets at December 31, 2023					Assets at December 31, 2024				
	\$ in	Bilateral Cleared Exchange-			\$ in	Bilateral Cleared Exchange-				
	millions	OTC	OTC	Traded	Total	millions	OTC	OTC	Traded	Total
Designated as accounting hedges										
Interest rate										
Foreign exchange										
Total										
Not designated as accounting hedges										
Economic hedges of loans										
Credit										
Credit										
Credit										
Other derivatives										
Interest rate										
Interest rate										
Interest rate										
Credit										
Foreign exchange										
Equity										
Commodity and other										
Total										
Total gross derivatives										
Amounts offset										
Counterparty netting										
Counterparty netting										
Counterparty netting										
Cash collateral netting										
Total in Trading assets										
Amounts not offset:										
Financial instruments collateral										
Financial instruments collateral										
Financial instruments collateral										
Net amounts										
Net amounts										
Net amounts										
Net amounts for which master netting or collateral agreements are not in place or may not be legally enforceable										

	Liabilities at December 31, 2023					Liabilities at December 31, 2024				
	\$ in	Bilateral Cleared Exchange-			\$ in	Bilateral Cleared Exchange-				
	millions	OTC	OTC	Traded	Total	millions	OTC	OTC	Traded	Total
Designated as accounting hedges										
Interest rate										
Foreign exchange										
Total										
Not designated as accounting hedges										
Economic hedges of loans										
Credit										
Credit										

Credit
Other derivatives
Interest rate
Interest rate
Interest rate
Credit
Foreign exchange
Equity
Commodity and other
Total
Total gross derivatives
Amounts offset
Counterparty netting
Counterparty netting
Counterparty netting
Cash collateral netting
Total in Trading liabilities
Amounts not offset:
Financial instruments collateral
Financial instruments collateral
Financial instruments collateral
Net amounts
Net amounts
Net amounts
Net amounts for which master netting or collateral agreements are not in place or may not be legally enforceable

Notes to Consolidated Financial Statements



	Assets at December 31, 2022					Assets at December 31, 2023				
	\$ in millions	Bilateral	Cleared	Exchange-	Total	\$ in millions	Bilateral	Cleared	Exchange-	Total
	millions	OTC	OTC	Traded		millions	OTC	OTC	Traded	

Designated as accounting hedges

Interest rate

Foreign exchange

Total

Not designated as accounting hedges

Economic hedges of loans

Credit

Credit

Credit

Other derivatives

Interest rate

Interest rate

Interest rate

Credit

Foreign exchange

Equity

Commodity and other

Total

Total gross derivatives

Amounts offset

Counterparty netting

Counterparty netting

Counterparty netting

Cash collateral netting

Total in Trading assets

Amounts not offset:

Financial instruments collateral

Financial instruments collateral

Financial instruments collateral

Net amounts

Net amounts

Net amounts

Net amounts for which master netting or collateral agreements are not in place or may not be legally enforceable

	Liabilities at December 31, 2022					Liabilities at December 31, 2023				
	\$ in millions	Bilateral	Cleared	Exchange-	Total	\$ in millions	Bilateral	Cleared	Exchange-	Total
	millions	OTC	OTC	Traded		millions	OTC	OTC	Traded	

Designated as accounting hedges

Interest rate

Foreign exchange

Total

Not designated as accounting hedges

Economic hedges of loans

Credit

Credit

Credit

Other derivatives
Interest rate
Interest rate
Interest rate
Credit
Foreign exchange
Equity
Commodity and other
Total
Total gross derivatives
Amounts offset
Counterparty netting
Counterparty netting
Counterparty netting
Cash collateral netting
Total in Trading liabilities
Amounts not offset:
Financial instruments collateral
Financial instruments collateral
Financial instruments collateral
Net amounts
Net amounts
Net amounts
Net amounts for which master netting or collateral agreements are not in place or may not be legally enforceable

1. Amounts relate to master netting agreements and collateral agreements that have been determined by the Firm to be legally enforceable in the event of default but where certain other netting criteria are not met in accordance with applicable offsetting accounting guidance.

See Note 4 for information related to the unsettled fair value of futures contracts not designated as accounting hedges, which are excluded from the previous tables.

Notionals of Derivative Contracts

	Assets at December 31, 2023					Assets at December 31, 2024				
		Bilateral	Cleared	Exchange-Traded	Total		Bilateral	Cleared	Exchange-Traded	Total
\$ in billions	\$ in billions	OTC	OTC	Traded	Total	\$ in billions	OTC	OTC	Traded	Total
Designated as accounting hedges										
Interest rate										
Foreign exchange										
Total										
Not designated as accounting hedges										
Economic hedges of loans										
Credit										
Credit										
Credit										
Other derivatives										
Interest rate										
Interest rate										
Interest rate										
Credit										
Foreign exchange										
Equity										
Commodity and other										
Total										
Total gross derivatives										

Liabilities at December 31, 2023	Liabilities at December 31, 2024
----------------------------------	----------------------------------

\$ in billions	Assets at December 31, 2022					Assets at December 31, 2023				
	\$ in billions	Bilateral OTC	Cleared OTC	Exchange- Traded	Total	\$ in billions	Bilateral OTC	Cleared OTC	Exchange- Traded	Total
Designated as accounting hedges										
Interest rate										
Foreign exchange										
Total										
Not designated as accounting hedges										
Economic hedges of loans										
Credit										
Credit										
Credit										
Other derivatives										
Interest rate										
Interest rate										
Interest rate										
Credit										
Foreign exchange										
Equity										
Commodity and other										
Total										
Total gross derivatives										

\$ in billions	Assets at December 31, 2022					Assets at December 31, 2023				
	\$ in billions	Bilateral OTC	Cleared OTC	Exchange- Traded	Total	\$ in billions	Bilateral OTC	Cleared OTC	Exchange- Traded	Total
Designated as accounting hedges										
Interest rate										
Foreign exchange										
Total										
Not designated as accounting hedges										
Economic hedges of loans										
Credit										
Credit										
Credit										
Other derivatives										
Interest rate										
Interest rate										
Interest rate										
Credit										
Foreign exchange										
Equity										
Commodity and other										
Total										
Total gross derivatives										

Notes to Consolidated Financial Statements



\$ in billions	Liabilities at December 31, 2022				Liabilities at December 31, 2023					
	\$ in billions	OTC	OTC	Traded	Total	\$ in billions	OTC	OTC	Traded	Total
Designated as accounting hedges										
Interest rate										
Foreign exchange										
Total										
Not designated as accounting hedges										
Economic hedges of loans										
Credit										
Credit										
Credit										
Other derivatives										
Interest rate										
Interest rate										
Interest rate										
Credit										
Foreign exchange										
Equity										
Commodity and other										
Total										
Total gross derivatives										

The notional amounts of derivative contracts generally overstate the Firm's exposure. In most circumstances, notional amounts are used only as a reference point from which to calculate amounts owed between the parties to the contract. Furthermore, notional amounts do not reflect the benefit of legally enforceable netting arrangements or risk mitigating transactions.

Gains (Losses) on Accounting Hedges

\$ in millions	\$ in millions	2023	2022	2021	\$ in millions	2024	2023	2022
Fair value hedges—Recognized in Interest income								
Interest rate contracts								
Investment Securities—AFS								
Fair value hedges—Recognized in Interest expense								
Interest rate contracts								
Deposits								
Borrowings								
Net investment hedges—Foreign exchange contracts								
Recognized in OCI								
Forward points excluded from hedge effectiveness testing—Recognized in Interest income								
Cash flow hedges—Interest rate contracts:								
Recognized in OCI								
Less: Realized gains (losses) (pre-tax) reclassified from AOCI to interest income								
Net change in cash flow hedges included within AOCI								

1. For the year ended 2023, 2024, there were no forecasted transactions that failed to occur. The net gains (losses) associated with cash flow hedges expected to be reclassified from AOCI within 12 months as of December 31, 2023, December 31, 2024 is approximately \$(56) million, \$31 million. The maximum length of time over which forecasted cash flows are hedged is 18 28 months.

Fair Value Hedges—Hedged Items

\$ in millions	\$ in millions		\$ in millions	
	At December 31, 2023	At December 31, 2022	At December 31, 2024	At December 31, 2023

Investment securities—AFS

Amortized cost basis currently or previously hedged
Amortized cost basis currently or previously hedged
Amortized cost basis currently or previously hedged
Basis adjustments included in amortized cost:
Amortized cost basis currently or previously hedged:
Amortized cost basis currently or previously hedged:
Amortized cost basis currently or previously hedged:
Basis adjustments included in amortized cost:

Deposits

Carrying amount currently or previously hedged
Carrying amount currently or previously hedged
Carrying amount currently or previously hedged
Basis adjustments included in carrying amount:
Basis adjustments included in carrying amount:

Borrowings

Carrying amount currently or previously hedged
Carrying amount currently or previously hedged
Carrying amount currently or previously hedged
Basis adjustments included in carrying amount—Outstanding hedges
Basis adjustments included in carrying amount—Terminated hedges
Basis adjustments included in amortized cost—Terminated hedges

1. Carrying amount represents the amortized cost, net of allowance if applicable. At December 31, 2024, the amortized cost of the portfolio layer method closed portfolios was \$325 million, of which \$178 million was designated as hedged. The cumulative amount of basis adjustments was \$(2) million as of December 31, 2024. Refer to Note 2 and Note 7 for additional information.

2. Hedge accounting basis adjustments are primarily related to outstanding hedges.

Gains (Losses) on Economic Hedges of Loans

\$ in millions	\$ in millions			\$ in millions		
	2023	2022	2021	2024	2023	2022

Recognized in Other revenues

Credit contracts:

1. Amounts related to hedges of certain held-for-investment and held-for-sale loans.

Derivatives with Credit Risk-Related Contingencies

Net Derivative Liabilities and Collateral Posted

\$ in millions	\$ in millions		\$ in millions	
	At December 31, 2023	At December 31, 2022	At December 31, 2024	At December 31, 2023

Net derivative liabilities with credit risk-related contingent features

Collateral posted

The previous table presents the aggregate fair value of certain derivative contracts that contain credit risk-related contingent features that are in a net liability position for which the Firm has posted collateral in the normal course of business.

Incremental Collateral and Termination Payments upon Potential Future Ratings Downgrade

\$ in millions	At December 31, 2023	At December 31, 2024
One-notch downgrade	\$ 450,235	\$ 450,235
Two-notch downgrade	\$ 394,411	\$ 394,411
Bilateral downgrade agreements included in the amounts above:	\$ 692,524	\$ 692,524

1. Amount represents arrangements between the Firm and other parties where upon the downgrade of one party, the downgraded party must deliver collateral to the other party. These bilateral downgrade arrangements are used by the Firm to manage the risk of counterparty downgrades.

The additional collateral or termination payments that may be called in the event of a future credit rating downgrade vary by contract and can be based on ratings by Moody's Investors Service, Inc., S&P Global Ratings and/or other rating agencies. The previous table shows the future potential collateral amounts and termination payments that could be called or required by counterparties or exchange and clearing organizations in the event of one-notch or two-notch

Notes to Consolidated Financial Statements



collateral amounts and termination payments that could be called or required by counterparties or exchange and clearing organizations in the event of one-notch or two-notch downgrade scenarios based on the relevant contractual downgrade triggers.

Maximum Potential Payout/Notional of Credit Protection Sold:

	Years to Maturity at December 31, 2023						Years to Maturity at December 31, 2024					
	\$ in billions	< 1	1-3	3-5	Over 5	Total	\$ in billions	< 1	1-3	3-5	Over 5	Total
Single-name CDS												
Investment grade												
Non-investment grade												
Total												
Index and basket CDS												
Investment grade												
Non-investment grade												
Total												
Total CDS sold												
Other credit contracts												
Total credit protection sold												
CDS protection sold with identical protection purchased												

	Years to Maturity at December 31, 2022						Years to Maturity at December 31, 2023					
	\$ in billions	< 1	1-3	3-5	Over 5	Total	\$ in billions	< 1	1-3	3-5	Over 5	Total
Single-name CDS												
Investment grade												
Non-investment grade												
Total												
Index and basket CDS												
Investment grade												
Non-investment grade												
Total												
Total CDS sold												
Other credit contracts												
Total credit protection sold												
CDS protection sold with identical protection purchased												

Fair Value Asset (Liability) of Credit Protection Sold:

	At December 31, 2023			At December 31, 2022			At December 31, 2024			At December 31, 2023		
	\$ in millions											

Single-name CDS
Investment grade
Investment grade
Investment grade
Non-investment grade
Total
Index and basket CDS
Investment grade
Investment grade
Investment grade
Non-investment grade
Total
Total CDS sold
Other credit contracts
Total credit protection sold

1. Investment grade/non-investment grade determination is based on the internal credit rating of the reference obligation. Internal credit ratings serve as the CRM's assessment of credit risk and the basis for a comprehensive credit limits framework used to control credit risk.

The Firm uses quantitative models and judgment to estimate the various risk parameters related to each obligor.

Protection Purchased with CDS

	Notional					
	At		At		At	
	December 31, 2023	December 31, 2022	December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023
<i>\$ in billions</i>	<i>\$ in billions</i>		<i>\$ in billions</i>			
Single name						
Index and basket						
Tranched index and basket						
Total						

	Fair Value Asset (Liability)			
	At		At	
	December 31, 2023	December 31, 2022	December 31, 2024	December 31, 2023
<i>\$ in millions</i>	<i>\$ in millions</i>		<i>\$ in millions</i>	
Single name				
Index and basket				
Tranched index and basket				
Total				

The Firm enters into credit derivatives, principally CDS, 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 for these derivatives are banks, broker-dealers, and insurance and other financial institutions.

The fair value amounts as shown in the previous tables are prior to cash collateral or counterparty netting.

The purchase of credit protection does not represent the sole manner in which the Firm risk manages its exposure to credit derivatives. The Firm manages its exposure to these derivative contracts through a variety of risk mitigation strategies, which include managing the credit and correlation risk across single-name, non-tranched indices and baskets, tranched indices and baskets, and cash positions. Aggregate market risk limits have been established for credit derivatives, and market risk measures are routinely monitored against these limits. The Firm may also recover amounts on the underlying reference obligation delivered to the Firm under CDS where credit protection was sold.

Single-Name CDS. A CDS protects the buyer against the loss of principal on a bond or loan in case of a default by the issuer. The protection buyer pays a periodic premium (generally quarterly) over the life of the contract and is protected for the period. The Firm, in turn, performs under a CDS if a credit event as defined under the contract occurs. Typical credit events include bankruptcy, dissolution or insolvency of the referenced entity, failure to pay and restructuring of the obligations of the referenced entity.

Index and Basket CDS. Index and basket CDS are products where credit protection is provided on a portfolio of single-name CDS. Generally, in the event of a default on one of the underlying names, the Firm pays a pro rata portion of the total notional amount of the CDS.

The Firm also enters into tranched index and basket CDS where credit protection is provided on a particular portion of the portfolio loss distribution. The most junior tranches cover initial defaults, and once losses exceed the notional of the

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tranche, they are passed on to the next most senior tranche in the capital structure.

Other Credit Contracts. The Firm has invested in CLNs and CDOs, which are hybrid instruments containing embedded derivatives, in which credit protection has been sold to the issuer of the note. If there is a credit event of a reference entity underlying the instrument, the principal balance of the note may not be repaid in full to the Firm.

7. Investment Securities

AFS and HTM Securities

	At									
	At December 31, 2023					December 31, 2024				
	\$ in millions	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value	\$ in millions	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
AFS securities										
U.S. Treasury securities										
U.S. Treasury securities										
U.S. Treasury securities										
U.S. agency securities ²										
Agency CMBS										
State and municipal securities										
State and municipal securities										
State and municipal securities										
FFELP student loan										
ABS ³										
Total AFS securities										
Total AFS securities										
Unallocated basis adjustments										
Unallocated basis adjustments										
Unallocated basis adjustments										
Total AFS securities										
HTM securities										
U.S. Treasury securities										
U.S. Treasury securities										
U.S. Treasury securities										
U.S. agency securities ²										
Agency CMBS										
Non-agency CMBS										
Total HTM securities										
Total investment securities										

At December 31, 2022

At December 31, 2023

Less than 12 months
Less than 12 months
Less than 12 months
12 months or longer
12 months or longer
12 months or longer
longer
Total
State and municipal securities
State and municipal securities
State and municipal securities
Less than 12 months
Less than 12 months
Less than 12 months
12 months or longer
longer
Total
FFELP student loan
ABS
Less than 12 months
Less than 12 months
Less than 12 months
12 months or longer
longer
Total
Total AFS securities in an unrealized loss position
Total AFS securities in an unrealized loss position
Total AFS securities in an unrealized loss position
Less than 12 months
Less than 12 months
Less than 12 months
12 months or longer
longer
Total

For AFS securities, the Firm believes there are no securities in an unrealized loss position that have credit losses after performing the analysis described in Note 2. Additionally, the Firm does not intend to sell these securities and is not likely to be required to sell these securities prior to recovery of the amortized cost basis. As of **December 31, 2023**, **December 31, 2024** and **December 31, 2022**, **December 31, 2023**, the securities in an unrealized loss position are predominantly investment grade.

The HTM securities net carrying amounts at **December 31, 2023**, **December 31, 2024** and **December 31, 2022**, **December 31, 2023** reflect an ACL of **\$44 million**, **\$52 million** and **\$34 million**, **\$44 million**, respectively, predominantly related to Non-agency CMBS. See Note 2 for a description of the ACL methodology used for HTM Securities.

As of **December 31, 2023**, **December 31, 2024** and **December 31, 2022**, **December 31, 2023**, **Non-Agency CMBS** 98% of the Firm's portfolio of HTM securities were investment grade U.S. agency securities, U.S. Treasury securities and Agency CMBS, which were on accrual status and for which there is an underlying assumption of zero credit losses. Non-investment grade HTM securities primarily consisted of certain Non-agency CMBS securities, for which the expected credit losses were insignificant and were predominantly on accrual status at **December 31, 2024** and **investment grade**, **December 31, 2023**.

See Note 15 for additional information on securities issued by VIEs, including U.S. agency mortgage-backed securities, non-agency CMBS, and FFELP student loan ABS.

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Investment Securities by Contractual Maturity

		At December 31, 2023			At December 31, 2024			
		Amortized	Fair	Annualized	Amortized	Fair	Annualized	
\$ in millions	\$ in millions	Cost ₁	Value	Yield _{2,3}	Cost ₁	Value	Yield _{2,3}	

AFS

securities

U.S. Treasury

securities:

U.S. Treasury

securities:

U.S. Treasury

securities:

Due within 1 year

Due within 1 year

Due within 1 year		\$ 16,311	\$ 16,030	1.2	1.2 %	\$ 18,575	\$ 18,393	2.2	2.2 %		
After 1 year through 5 years	After 1 year through 5 years	40,412	39,620	39,620	2.6	2.6 %	46,529	46,395	46,395	3.7	3.7 %
After 5 years through 10 years	After 5 years through 10 years	1,761	1,755	1,755	4.0	4.0 %	5,056	5,046	5,046	4.2	4.2 %

Total

Total

Total

U.S. agency

securities:

U.S. agency

securities:

U.S. agency

securities:

Due within 1 year

Due within 1 year

Due within 1 year		23	23	23	(0.6)	(0.6) %	11	11	11	1.0	1.0 %
After 1 year through 5 years	After 1 year through 5 years	397	375	375	1.6	1.6 %	254	241	241	1.6	1.6 %
After 5 years through 10 years	After 5 years through 10 years	547	504	504	1.8	1.8 %	414	380	380	1.8	1.8 %
After 10 years	After 10 years	24,885	22,426	22,426	3.6	3.6 %	23,434	20,835	20,835	3.4	3.4 %

Total

Agency CMBS:

Agency CMBS:

Agency CMBS:

Due within 1 year													
Due within 1 year													
Due within 1 year	1	1	(2.2)%										
After 1 year through 5 years													
After 1 year through 5 years													
After 1 year through 5 years	2,491	2,392	2,392	1.8	1.8 %	4,054	3,899	3,899	2.0	2.0 %			
After 5 years through 10 years	2,176	2,043	2,043	2.0	2.0 %	547		535	535	1.6	1.6 %		
After 10 years	1,203	979	979	1.4	1.4 %	1,103		882	882	1.5	1.5 %		

Total

State and municipal securities:

State and municipal securities:

State and municipal securities:

Due within 1 year

Due within 1 year

Due within 1 year	27	28	28	5.2	5.2 %	852	852	852	4.9	4.9 %			
After 1 year through 5 years	185	184	184	4.7	4.7 %	215		214	214	4.7	4.7 %		
After 5 years through 10 years	6	9	9	4.1	4.1 %	49		48	48	5.8	5.8 %		
After 10 years	914	952	952	4.2	4.2 %	257		273	273	4.6	4.6 %		

Total

FFELP student loan

ABS:

FFELP student loan

ABS:

FFELP student loan

ABS:

After 1 year through 5 years													
After 1 year through 5 years													
Due within 1 year													
Due within 1 year													
Due within 1 year	12	11	11	5.3	5.3 %								
After 1 year through 5 years													
After 1 year through 5 years													

		96	91	91	6.1	6.1 %	5 years	113	110	110	5.6	5.6 %
After 5 years through 10 years	After 5 years through 10 years	99	95	95	6.0	6.0 %	After 5 years through 10 years	24	23	23	5.4	5.4 %
After 10 years	After 10 years	615	606	606	6.2	6.2 %	After 10 years	463	460	460	5.8	5.8 %

Total

Total AFS securities

Unallocated basis adjustment:

Total AFS securities

Unallocated basis adjustment:

Unallocated basis adjustment:

Total AFS securities	92,149	88,113	88,113	2.6	2.6 %	Total AFS securities	101,960	98,608	98,608	3.3	3.3 %
	At December 31, 2023					At December 31, 2024					
				Annualized					Annualized		
	Amortized	Fair		Average	Amortized	Fair		Average			
\$ in millions	Cost	Value		Yield ²	Cost	Value		Yield ²			

HTM

securities

U.S. Treasury

securities:

U.S. Treasury

securities:

U.S. Treasury

securities:

Due within 1 year

Due within 1 year

Due within 1 year	\$ 6,403	\$ 6,317	2.1	2.1 %	\$ 4,635	\$ 4,558	1.2	1.2 %
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After 1 year through 5 years	After 1 year through 5 years	12,059	11,497	11,497	1.8	1.8 %	After 1 year through 5 years	10,191	9,777	9,777	2.3	2.3 %
After 5 years through 10 years	After 5 years through 10 years	3,202	2,965	2,965	2.4	2.4 %	After 5 years through 10 years	503	414	414	1.1	1.1 %
After 10 years	After 10 years	1,558	1,158	1,158	2.3	2.3 %	After 10 years	1,556	1,054	1,054	2.3	2.3 %

Total

U.S. agency securities:

U.S. agency securities:

U.S. agency securities:

After 1 year through 5 years

After 1 year through 5 years

After 1 year through 5 years	6	6	6	1.8	1.8 %	8	8	8	1.8	1.8 %
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After 5 years	After 5 years									
---------------	---------------	--	--	--	--	--	--	--	--	--

After 3 years through 10 years	After 3 years through 10 years	294	276	276	2.1	2.1	%	After 3 years through 10 years	223	208	208	2.1	2.1	%
After 10 years	After 10 years	40,594	32,913	32,913	1.8	1.8	%	After 10 years	41,351	32,778	32,778	2.1	2.1	%
Total														
Agency CMBS:														
Agency CMBS:														
Agency CMBS:														
Due within 1 year														
Due within 1 year														
Due within 1 year		30	30	30	2.5	2.5	%	294	289	289	1.5	1.5	%	
After 1 year through 5 years	After 1 year through 5 years	1,063	985	985	1.4	1.4	%	After 1 year through 5 years	632	591	591	1.2	1.2	%
After 5 years through 10 years	After 5 years through 10 years	117	99	99	1.4	1.4	%	After 5 years through 10 years	176	144	144	1.6	1.6	%
After 10 years	After 10 years	127	102	102	1.6	1.6	%	After 10 years	52	42	42	1.3	1.3	%
Total														
Non-agency CMBS:														
Non-agency CMBS:														
Non-agency CMBS:														
Due within 1 year														
Due within 1 year														
Due within 1 year		208	185	185	4.0	4.0	%	146	124	124	3.9	3.9	%	
After 1 year through 5 years	After 1 year through 5 years	343	321	321	4.6	4.6	%	After 1 year through 5 years	648	618	618	4.5	4.5	%
After 5 years through 10 years	After 5 years through 10 years	641	551	551	3.7	3.7	%	After 5 years through 10 years	455	403	403	4.0	4.0	%
After 10 years	After 10 years	49	48	48	5.7	5.7	%	After 10 years	201	195	195	7.4	7.4	%
Total														
Total HTM securities														
Total HTM securities														
Total HTM securities		66,694	57,453	57,453	1.9	1.9	%	61,071	51,203	51,203	2.1	2.1	%	
Total investment securities	Total investment securities	\$158,843	\$145,566	\$145,566	2.3	2.3	%	Total investment securities	\$163,031	\$149,811	\$149,811	2.9	2.9	%

1. Amounts are net of any ACL.

2. Annualized average yield is computed using the effective yield, weighted based on the amortized cost of each security. The effective yield is shown pre-tax and excludes the effect of related hedging derivatives.

3. At **December 31, 2023** December 31, 2024, the annualized average yield, including the interest rate swap accrual of related hedges, was **1.6%** 2.7% for AFS securities contractually maturing within 1 year and **3.6%** 3.8% for all AFS securities.

4. Represents the amount of unallocated portfolio layer method basis adjustments related to AFS securities hedged in a closed portfolio. Portfolio layer method basis adjustments are not allocated to individual securities. Refer to Note 2 and Note 6 for additional information.

Gross Realized Gains (Losses) on Sales of AFS Securities

\$ in millions	2023	2022	2021	\$ in millions	2024	2023	2022
----------------	------	------	------	----------------	------	------	------

Gross realized gains

Gross realized (losses)

Total:

1. Realized gains and losses are recognized in Other revenues in the income statement.

8. Collateralized Transactions

The Firm enters into securities purchased under agreements to resell, securities sold under agreements to repurchase, securities borrowed and securities loaned transactions to, among other things, acquire securities to cover short positions and settle other securities obligations, to accommodate customers' needs and to finance its inventory positions.

The Firm monitors the fair value of the underlying securities as compared with the related receivable or payable, including accrued interest, and, as necessary, requests additional collateral, as provided under the applicable agreement to ensure such transactions are adequately collateralized, or returns excess collateral.

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The risk related to a decline in the market value of collateral pledged or received is managed by setting appropriate market-based margin requirements. Increases in collateral margin calls on secured financing due to market value declines may be mitigated by increases in collateral margin calls on securities purchased under agreements to resell and securities borrowed transactions with similar quality collateral. Additionally, the Firm may request lower quality collateral pledged be replaced with higher quality collateral through collateral substitution rights in the underlying agreements.

The Firm actively manages its secured financings in a manner that reduces the potential refinancing risk of secured financings of less liquid assets and also considers the quality of collateral when negotiating collateral eligibility with counterparties. The Firm utilizes shorter term secured financing for highly liquid assets and has established longer tenor limits for less liquid assets, for which funding may be at risk in the event of a market disruption.

Offsetting of Certain Collateralized Transactions

At December 31, 2023							At December 31, 2024						
Balance							Balance						
Sheet							Sheet						
Amounts							Amounts						
\$ in	Gross	Amounts	Net	Not	Net		\$ in	Gross	Amounts	Net	Not	Net	
millions	millions	Amounts	Offset	Amounts	Offset	Amounts	millions	Amounts	Offset	Amounts	Offset	Amounts	

Assets

Securities

purchased under agreements to resell

Securities

purchased under agreements to resell

Securities

purchased under agreements to resell

Securities

borrowed

Liabilities

Securities sold

under
 agreements to
 repurchase
 Securities sold
 under
 agreements to
 repurchase
 Securities sold
 under
 agreements to
 repurchase
 Securities
 loaned

Net amounts for which master netting agreements are not in place or may not be legally enforceable

Securities
 purchased
 under
 agreements
 to resell
 Securities
 borrowed
 Securities
 sold under
 agreements
 to
 repurchase
 Securities
 loaned

	At December 31, 2022						At December 31, 2023					
	\$ in millions		Gross Amounts		Net Amounts		\$ in millions		Gross Amounts		Net Amounts	
	Amounts	Offset	Balance Sheet	Net Amounts	Not Offset	Amounts	Amounts	Offset	Balance Sheet	Net Amounts	Not Offset	Amounts
Assets												
Securities purchased under agreements to resell												
Securities purchased under agreements to resell												
Securities purchased under agreements to resell												
Securities borrowed												
Liabilities												
Securities sold under agreements to repurchase												
Securities sold under agreements to repurchase												
Securities sold under agreements to repurchase												
Securities loaned												

Net amounts for which master netting agreements are not in place or may not be legally enforceable

Securities purchased under agreements to resell
 Securities borrowed
 Securities sold under agreements to repurchase
 Securities loaned

1. Amounts relate to master netting agreements that have been determined by the Firm to be legally enforceable in the event of default but where certain other criteria are not met in accordance with applicable offsetting accounting guidance.

For information related to offsetting of derivatives, see Note 6.

Gross Secured Financing Balances by Remaining Contractual Maturity

	At December 31, 2023					At December 31, 2024				
	\$ in millions	Overnight	Less than 90 Days	30-90 Days	Over 90 Days	\$ in millions	Overnight	Less than 90 Days	30-90 Days	Over 90 Days
Securities sold under agreements to repurchase										
Securities loaned										
Total included in the offsetting disclosure										
Trading liabilities—Obligation to return securities received as collateral										
Total										

	At December 31, 2022					At December 31, 2023				
	\$ in millions	Overnight	Less than 90 Days	30-90 Days	Over 90 Days	\$ in millions	Overnight	Less than 90 Days	30-90 Days	Over 90 Days
Securities sold under agreements to repurchase										
Securities loaned										
Total included in the offsetting disclosure										
Trading liabilities—Obligation to return securities received as collateral										
Total										

Gross Secured Financing Balances by Class of Collateral Pledged

\$ in millions	\$ in millions	At December 31, 2023	At December 31, 2022	\$ in millions	At December 31, 2024	At December 31, 2023
Securities sold under agreements to repurchase						
U.S. Treasury and agency securities						
Other sovereign government obligations						
Corporate equities						
Other						
Total						
Securities loaned						
Other sovereign government obligations						
Other sovereign government obligations						
Other sovereign government obligations						
Corporate equities						
Other						
Total						
Total included in the offsetting disclosure						
Trading liabilities—Obligation to return securities received as collateral						
Corporate equities						
Other						
Total						
Total						

Carrying Value of Assets Loaned or Pledged without Counterparty Right to Sell or Repledge

\$ in millions	\$ in millions	At December 31, 2023	At December 31, 2022	\$ in millions	At December 31, 2024	At December 31, 2023
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Trading assets

The Firm pledges certain of its trading assets to collateralize securities sold under agreements to repurchase, securities

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loaned, other secured financings and derivatives and to cover customer short sales. Counterparties may or may not have the right to sell or repledge the collateral.

Pledged financial instruments that can be sold or repledged by the secured party are identified as Trading assets (pledged to various parties) in the balance sheet. Pledged financial instruments that cannot be sold or repledged by the secured party are included within Trading Assets, but not identified as pledged assets parenthetically in the balance sheet.

Fair Value of Collateral Received with Right to Sell or Repledge

\$ in millions	\$ in millions	At December 31, 2023	At December 31, 2022	\$ in millions	At December 31, 2024	At December 31, 2023
----------------	----------------	----------------------------	----------------------------	----------------	----------------------------	----------------------------

Collateral received with right to sell or repledge

Collateral that was sold or repledged:

1. Does not include securities used to meet federal regulations for the Firm's U.S. broker-dealers.

The Firm receives collateral in the form of securities in connection with securities purchased under agreements to resell, securities borrowed, securities-for-securities transactions, derivative transactions, customer margin loans and securities-based lending. In many cases, the Firm is permitted to sell or repledge this collateral to secure securities sold under agreements to repurchase, to enter into securities lending and derivative transactions or to deliver to counterparties to cover short positions.

Securities Segregated for Regulatory Purposes

\$ in millions	\$ in millions	At December 31, 2023	At December 31, 2022	\$ in millions	At December 31, 2024	At December 31, 2023
----------------	----------------	-------------------------	-------------------------	----------------	-------------------------	-------------------------

Segregated securities:

1. Securities segregated under federal regulations for the Firm's U.S. broker-dealers are sourced from Securities purchased under agreements to resell and Trading assets in the balance sheet.

Concentration Based on the Firm's Total Assets

	At December 31, 2023	At December 31, 2022	At December 31, 2024	At December 31, 2023
--	-------------------------	-------------------------	-------------------------	-------------------------

U.S. government and agency securities and other sovereign government obligations

Trading assets:

Trading assets:

Trading assets:

	12 %	9 %	11 %	12 %
--	------	-----	------	------

Off balance sheet—Collateral received:	11 %	12 %	12 %	11 %
--	------	------	------	------

1. Other sovereign government obligations included in Trading assets primarily consist of obligations of the U.K., Japan and Brazil.

2. Collateral received is primarily related to Securities purchased under agreements to resell and Securities borrowed.

The Firm is subject to concentration risk by holding large positions in certain types of securities, loans or commitments to purchase securities of a single issuer, including sovereign governments and other entities, issuers located in a particular country or geographic area, public and private issuers involving developing countries or issuers engaged in a particular industry.

Positions taken and underwriting and financing commitments, including those made in connection with the Firm's private equity, principal investment and lending activities, often

involve substantial amounts and significant exposure to individual issuers and businesses, including investment grade and non-investment grade issuers.

Customer Margin and Other Lending

\$ in millions	\$ in millions	At December 31, 2023	At December 31, 2022	\$ in millions	At December 31, 2024	At December 31, 2023
----------------	----------------	----------------------	----------------------	----------------	----------------------	----------------------

Margin and other lending

The Firm provides margin lending arrangements that allow customers to borrow against the value of qualifying securities. Receivables from these arrangements are included within Customer and other receivables in the balance sheet. Under these arrangements, the Firm receives collateral, which includes U.S. government and agency securities, other sovereign government obligations, corporate and other debt, and corporate equities. Margin loans are collateralized by customer-owned securities held by the Firm. The Firm monitors required margin levels and established credit terms daily and, pursuant to such guidelines, requires customers to deposit additional collateral, or reduce positions, when necessary.

Margin loans are extended on a demand basis and generally are not committed facilities. Factors considered in the review of margin loans are the amount of the loan, the intended purpose, the degree of leverage being employed in the account and the amount of collateral, as well as an overall evaluation of the portfolio to ensure proper diversification or, in the case of concentrated positions, appropriate liquidity of the underlying collateral or potential hedging strategies to reduce risk. Underlying collateral for margin loans is reviewed with respect to the liquidity of the proposed collateral positions, valuation of securities, historic trading range, volatility analysis and an evaluation of industry concentrations. For these transactions, adherence to the Firm's collateral policies significantly limits its credit exposure in the event of a customer default. The Firm may request additional margin collateral from customers, if appropriate, and, if necessary, may sell securities that have not been paid for or purchase securities sold but not delivered from customers.

Also included in the amounts in the previous table is non-purpose securities-based lending on entities in the Wealth Management business segment.

Other Secured Financings

Other secured financings include the liabilities related to collateralized notes, transfers of financial assets that are accounted for as financings rather than sales and consolidated VIEs where the Firm is deemed to be the primary beneficiary. These liabilities are generally payable from the cash flows of the related assets accounted for as Trading assets (see Notes 13 and 15). Additionally, for certain secured financing transactions that the Firm entered into during 2023 that meet applicable netting criteria, the Firm offsets offset Other secured financing liabilities against financing receivables recorded within Trading assets in the amount of \$3,472 million at December 31, 2023.

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\$437 million at December 31, 2024 and \$3,472 million at December 31, 2023.

9. Loans, Lending Commitments and Related Allowance for Credit Losses

The Firm's held-for-investment and held-for-sale loan portfolios consist of the following types of loans:

- *Corporate*. Corporate includes revolving lines of credit, term loans and bridge loans made to corporate entities for a variety of purposes.
- *Secured Lending Facilities*. Secured lending facilities include loans provided to clients, which are collateralized by various assets, including residential and commercial real estate mortgage loans, investor commitments for capital calls, corporate loans and other assets.
- *Commercial Real Estate*. Commercial real estate loans include owner-occupied loans and income-producing loans.
- *Residential Real Estate*. Residential real estate loans mainly include non-conforming loans and HELOC.
- *Securities-based Lending and Other*. Securities-based lending includes loans that allow clients to borrow money against the value of qualifying securities, generally for any suitable purpose other than purchasing, trading, or carrying securities or refinancing margin debt. The majority of these loans are structured as revolving lines of credit. Other primarily includes certain loans originated in the tailored lending business within the Wealth Management business segment.

Loans by Type

	At December 31, 2023				At December 31, 2024			
	\$ in millions	HFI Loans	HFS Loans	Total Loans	\$ in millions	HFI Loans	HFS Loans	Total Loans
Corporate								
Secured lending facilities								
Commercial real estate								
Residential real estate								
Securities-based lending and Other loans								
Securities-based lending and Other								
Total loans								
ACL								
Total loans, net								
Loans to non-U.S. borrowers, net								

	At December 31, 2022			At December 31, 2023				
	\$ in millions	HFI Loans	HFS Loans	Total Loans	\$ in millions	HFI Loans	HFS Loans	Total Loans
Corporate								
Secured lending facilities								
Commercial real estate								
Residential real estate								
Securities-based lending and Other loans								
Securities-based lending and Other								
Total loans								
ACL								
Total loans, net								
Loans to non-U.S. borrowers, net								

Loans by Interest Rate Type

	At December 31, 2023				At December 31, 2022				At December 31, 2024				At December 31, 2023			
	2023		2022		2024		2023		2024		2023		2024		2023	
	Floating or Fixed		Floating or Adjustable		Floating or Fixed		Floating or Adjustable		Floating or Fixed		Floating or Adjustable		Floating or Fixed		Floating or Adjustable	
\$ in millions	Fixed Rate	Adjustable Rate	Fixed Rate	Adjustable Rate	Fixed Rate	Adjustable Rate	Fixed Rate	Adjustable Rate	Fixed Rate	Adjustable Rate	Fixed Rate	Adjustable Rate	Fixed Rate	Adjustable Rate	Fixed Rate	Adjustable Rate
Corporate																
Secured lending facilities																
Commercial real estate																
Residential real estate																
Securities-based lending and Other loans																
Securities-based lending and Other																
Total loans, before ACL																

See Note 4 for further information regarding Loans and lending commitments held at fair value. See Note 14 for details of current commitments to lend in the future.

Credit Quality

The CRM evaluates new obligors before credit transactions are initially approved and at least annually thereafter for corporate and commercial real estate loans. For Corporate, Secured lending facilities and Other loans, credit evaluations typically involve the evaluation of financial statements, assessment of leverage, liquidity, capital strength, asset composition and quality, market capitalization and access to capital markets, cash flow projections and debt service requirements, and the adequacy of collateral, if applicable. The CRM also evaluates strategy, market position, industry dynamics, obligor’s management and other factors that could affect an obligor’s risk profile.

For Commercial real estate loans, the credit evaluation is focused on property and transaction metrics, including property type, LTV ratio, occupancy levels, debt service ratio, prevailing capitalization rates and market dynamics.

For Residential real estate and Securities-based loans, the initial credit evaluation typically includes, but is not limited to, review of the obligor’s income, net worth, liquidity, collateral, LTV ratio and credit bureau information. Subsequent credit monitoring for residential real estate loans is performed at the portfolio level. Securities-based loan collateral values are monitored on an ongoing basis.

For information related to credit quality indicators considered in developing the ACL, see Note 2.

Notes to Consolidated Financial Statements



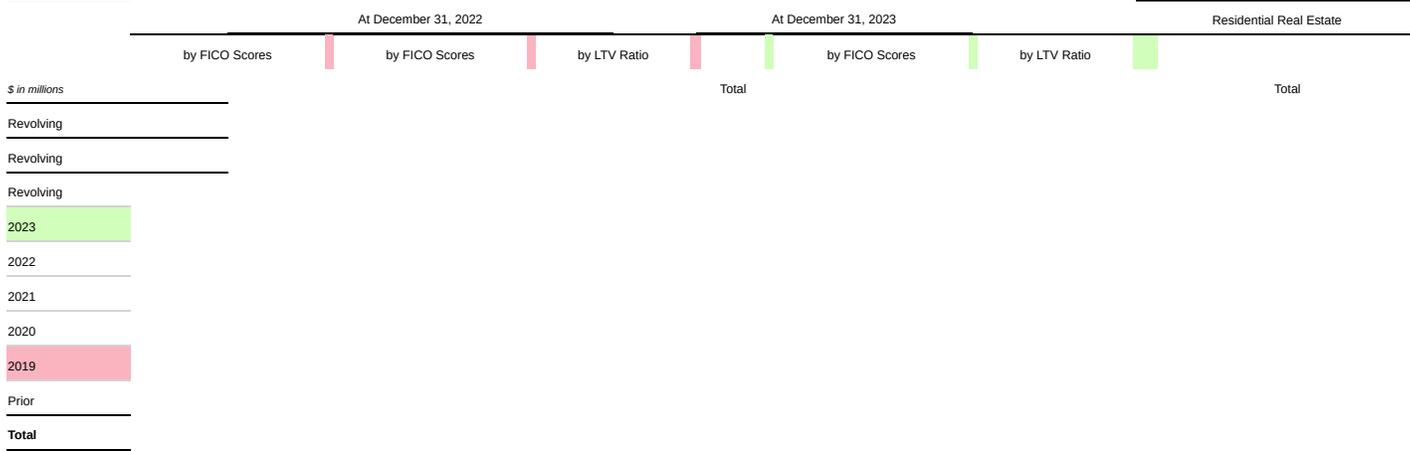
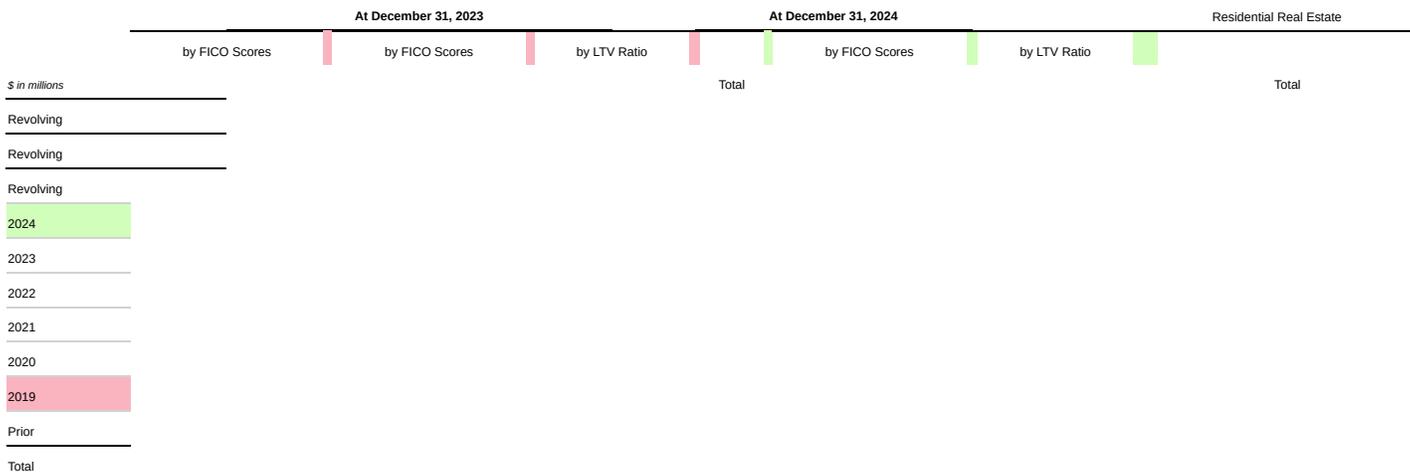
Loans Held for Investment before Allowance by Credit Quality and Origination Year

		At December 31, 2023			At December 31, 2022					At December 31, 2024			At December 31, 2023		
		Corporate						Corporate							
\$ in millions	\$ in millions	IG	NIG	Total	IG	NIG	Total	\$ in millions	IG	NIG	Total	IG	NIG	Total	
Revolving															
2024															
2023															
2022															
2022															
2023															
2023															
2022															
2021															
2020															
2019															
Prior															
Total															
		At December 31, 2023			At December 31, 2022					At December 31, 2024			At December 31, 2023		

		At December 31, 2023			At December 31, 2022					At December 31, 2024			At December 31, 2023		
		Secured Lending Facilities						Secured Lending Facilities							
\$ in millions	\$ in millions	IG	NIG	Total	IG	NIG	Total	\$ in millions	IG	NIG	Total	IG	NIG	Total	
Revolving															
2024															
2023															
2022															
2022															
2023															
2023															
2022															
2021															
2020															
2019															
Prior															
Total															
		At December 31, 2023			At December 31, 2022					At December 31, 2024			At December 31, 2023		

		At December 31, 2023			At December 31, 2022					At December 31, 2024			At December 31, 2023		
		Commercial Real Estate						Commercial Real Estate							
\$ in millions	\$ in millions	IG	NIG	Total	IG	NIG	Total	\$ in millions	IG	NIG	Total	IG	NIG	Total	
Revolving															
2024															
2023															
2022															
2022															
2023															
2023															
2022															
2021															

2020
2019
Prior
Total



Year	At December 31, 2023			At December 31, 2024		
	IG	NIG	Total	IG	NIG	Total
2024						
2023						
2022						
2021						
2020						
2019						
Prior						
Total						

	At December 31, 2022
	At December 31, 2023
\$ in millions	Securities-based Lending:
\$ in millions	Securities-based lending:

\$ in millions	IG	NIG	Total	IG	NIG	Total
Revolving						
2023						
2022						
2021						
2020						
2019						
Prior						
Total						

IG—Investment Grade
NIG—Non-investment Grade

- Securities-based loans are subject to collateral maintenance provisions, and at December 31, 2023, December 31, 2024 and December 31, 2022, December 31, 2023, these loans are predominantly over-collateralized. For more information on the ACL methodology related to securities-based loans, see Note 2.
- Other loans primarily include tailored lending. For a further discussion of Other loans, see "Quantitative and Qualitative Disclosures about Risk—Credit Risk" herein.

Past Due Loans Held for Investment before Allowance:

\$ in millions	\$ in millions	At December 31, 2023	At December 31, 2022	\$ in millions	At December 31, 2024	At December 31, 2023
Corporate						
Secured lending facilities						
Commercial real estate						
Commercial real estate						
Commercial real estate						
Residential real estate						
Securities-based lending and Other loans						
Securities-based lending and Other						
Total						

- As of December 31, 2024, the majority of the amounts are 90 days or more past due. As of December 31, 2023, the majority of the amounts are past due for a period of less than 90 days. As of December 31, 2022, the majority of the amounts are 90 days or more past due.

Nonaccrual Loans Held for Investment before Allowance:

\$ in millions	\$ in millions	At December 31, 2023	At December 31, 2022	\$ in millions	At December 31, 2024	At December 31, 2023
Corporate						
Secured lending facilities						
Commercial real estate						
Residential real estate						
Securities-based lending and Other loans						
Securities-based lending and Other						
Total						
Nonaccrual loans without an ACL						

- There were no loans held for investment that were 90 days or more past due and still accruing as of December 31, 2023, December 31, 2024 and December 31, 2022, December 31, 2023. For further information on the Firm's nonaccrual policy, see Note 2 to the financial statements.

Loan Modifications to Borrowers Experiencing Financial Difficulty

The Firm may modify the terms of certain loans for economic or legal reasons related to a borrower's borrower's financial difficulties, and these modifications include interest rate reductions, principal forgiveness, term extensions and other-than-insignificant other-than-



insignificant payment delays or a combination of these aforementioned modifications. Modified loans are typically evaluated individually for allowance for credit losses.

Modified Loans Held for Investment

Period-end loans held for investment modified during the following periods:

\$ in millions	Year Ended December 31,			
	2024		2023	
	Amortized Cost	% of Total Loans ²	Amortized Cost	% of Total Loans ²
Term Extension				
Corporate	\$ 211	3.1 %	\$ 183	2.7 %
Secured lending facilities	41	0.1 %	—	— %
Commercial real estate	172	2.0 %	199	2.3 %
Residential real estate	—	— %	1	0.1 %
Securities-based lending and Other	138	0.1 %	145	0.2 %
Total	\$ 562	0.4 %	\$ 528	0.3 %
Other-than-insignificant Payment Delay				
Securities-based lending and Other	\$ —	— %	\$ 71	0.1 %
Total	\$ —	— %	\$ 71	0.1 %
Interest Rate Reduction				
Residential real estate	\$ 2	— %	\$ —	— %
Total	\$ 2	— %	\$ —	— %
Multiple Modifications - Term Extension and Interest Rate Reduction				
Commercial real estate	\$ 81	1.0 %	\$ —	— %
Residential real estate	1	— %	1	— %
Total	\$ 82	0.1 %	\$ 1	— %
Multiple Modifications - Term Extension and Other-than-insignificant Payment Delay				
Commercial real estate	\$ —	— %	\$ 24	0.3 %
Total	\$ —	— %	\$ 24	0.3 %
Total Modifications	\$ 646	0.3 %	\$ 624	0.4 %

1. Lending commitments to borrowers for which the Firm has modified terms of the receivable, during the year ended December 31, 2024 and 2023, were \$746 million and \$1,062 million, as of December 31, 2024 and December 31, 2023, respectively.

2. Percentage of total loans represents the percentage of modified loans to total loans held for investment by loan type.

Financial Impact of Modifications on Loans Held for Investment

	Year Ended December 31, 2024			
	Term Extension (Months)	Other-than-insignificant Payment Delay (Months)	Principal Forgiveness (\$ millions)	Interest Rate Reduction (%)
Single Modifications				
Corporate	15	0	\$ —	— %
Secured lending facilities	2	0	—	— %
Commercial real estate	11	0	—	— %
Residential real estate	0	0	—	1 %
Securities-based lending and Other	21	0	—	— %
Multiple Modifications - Term Extension and Interest Rate Reduction				
Commercial real estate	61	0	—	2 %
Residential real estate	84	0	—	1 %
	Year Ended December 31, 2023:			
	Term Extension (Months)	Other-than-insignificant Payment Delay (Months)	Principal Forgiveness (\$ millions)	Interest Rate Reduction (%)
Single Modifications				
Corporate	22	0	\$ —	— %
Commercial real estate	50	0	—	— %
Residential real estate	4	0	—	— %
Securities-based lending and Other	7	6	—	— %
Multiple Modifications - Term Extension and Other-than-insignificant Payment Delay				
Commercial real estate	7	6	\$ —	— %
Multiple Modifications - Term Extension and Interest Rate Reduction				
Residential real estate	120	0	\$ —	1 %

1. In instances where more than one loan was modified, modification impact is presented on a weighted-average basis.

Past Due Loans Held for Investment Modified in the Last 12 months

\$ in millions	At December 31, 2024		
	30-89 Days Past Due	90+ Days Past Due	Total
Commercial real estate	\$ —	\$ 56	\$ 56
\$ in millions	At December 31, 2023		
	30-89 Days Past Due	90+ days Past Due	Total
Commercial real estate	\$ 24	\$ 21	\$ 45
Residential real estate	—	1	1
Total	\$ 24	\$ 22	\$ 46

At December 31, 2024, there were two commercial real estate loans held for investment with a total amortized cost of \$56 million that defaulted during the year ended December 31, 2024 and had been modified in the 12 month period prior to default. There were no loans held for investment that defaulted during the year ended December 31, 2023 that had been modified in the 12 month period prior.

forementioned modifications. Modified loans are typically evaluated individually for allowance for credit losses. As of December 31, 2023, there were no loans held for investment modified in the current year with subsequent default.

Modified Loans Held for Investment

Modified during the year ended December 31, 2023:		
At December 31, 2023		
\$ in millions	Amortized Cost	% of Total Loans ²
Term Extension		
Corporate	\$ 183	2.7 %
Commercial real estate	199	2.3 %
Residential real estate	1	0.1 %
Securities-based lending and Other loans	145	0.2 %
Total	\$ 528	
Other-than-insignificant Payment Delay		
Securities-based lending and Other loans	\$ 71	0.1 %
Total	\$ 71	
Combination - Multiple Modifications³		
Commercial real estate	\$ 24	0.3 %
Residential real estate	1	— %
Total	\$ 25	

- Lending commitments to borrowers for which the Firm modified terms of the receivable were \$1,062 million as of December 31, 2023.
- Percentage of total loans represents the percentage of modified loans to total loans held for investment by loan type.
- Combination - Multiple Modifications primarily includes loans with Term extension and Other-than-insignificant payment delay.

Financial Impact on Modified Loans Held for Investment

Modified during the year ended December 31, 2023:

At December 31, 2023	
	Term Extension
Corporate	Added 1 year, 10 months to the life of the modified loan(s)
Commercial real estate	Added 4 years, 2 months to the life of the modified loan(s)
Residential real estate	Added 4 months to the life of the modified loan(s)
Securities-based lending and Other loans	Added 7 months to the life of the modified loan(s)
Other-than-insignificant Payment Delay	
Securities-based lending and Other loans	Added 6 months to the life of the modified loan(s)
Combination - Multiple Modification	
Commercial real estate	Added 7 months of Term extension and 6 months of Other-than-insignificant payment delay to the life of the modified loan(s)
Residential real estate	Added 10 years of Term extension and reduced the interest rate by 1% on the modified loan(s)

- In instances where more than one loan was modified, modification impact is presented on a weighted-average basis.

Past Due Status for Loans Held for Investment Modified in the Last 12 months

At December 31, 2023			
\$ in millions	30-89 Days Past Due	90+ Days Past Due	Total
Commercial real estate	\$ 24	\$ 21	45
Residential real estate	—	1	1
Total	\$ 24	\$ 22	46

Year Ended December 31, 2022

Gross Charge-offs by Origination Year

\$ in millions	Year Ended December 31, 2023					Total
	Corporate	Secured Lending Facilities	CRE	Residential Real Estate	SBL and Other	
Revolving	\$ (34)	\$ —	\$ —	\$ —	\$ —	(34)
2020	—	—	—	—	(3)	(3)
2019	—	—	(85)	—	(1)	(86)
Prior	—	—	(44)	—	—	(44)
Total	\$ (34)	\$ —	\$ (129)	\$ —	\$ (4)	(167)

CRE—Commercial real estate
SBL—Securities-based lending

Allowance for Credit Losses Rollforward and Allocation—Loans and Lending Commitments

\$ in millions	Year Ended December 31, 2023						Year Ended December 31, 2024					
	Corporate	Secured Lending Facilities	CRE	Residential Real Estate	SBL and Other	Total	Corporate	Secured Lending Facilities	CRE	Residential Real Estate	SBL and Other	Total
Beginning balance												
Gross charge-offs												
Recoveries												
Net (charge-offs)/recoveries												
Provision (release)												
Other												
Ending balance												
Percent of loans to total loans:	3 %	19 %	4 %	30 %	44 %	100 %	3 %	22 %	4 %	29 %	4 %	100 %

ACL—Lending commitments

Beginning balance
Provision (release)
Other
Ending balance
Total ending balance

Year Ended December 31, 2023

\$ in millions	Secured Lending						\$ in millions	Secured Lending																
	Corporate	Facilities	CRE	Residential Real Estate	SBL and Other	Total		Corporate	Facilities	CRE	Residential Real Estate	SBL and Other	Total											
ACL—Loans																								
Beginning balance																								
Beginning balance																								
Beginning balance																								
Gross charge-offs																								
Recoveries																								
Net (charge-offs) recoveries																								
Provision (release)																								
Other																								
Ending balance																								
Percent of loans to total loans:	Percent of loans to total loans:						Percent of loans to total loans:																	
	3	%	18	%	4	%	27	%	48	%	100	%	3	%	19	%	4	%	30	%	44	%	100	%
ACL—Lending commitments																								
Beginning balance																								
Provision (release)																								
Other																								
Ending balance																								
Total ending balance																								

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\$ in millions	Year Ended December 31, 2021						Year Ended December 31, 2022																	
	Secured Lending	Residential Real Estate	SBL and Other	Total	Secured Lending	Residential Real Estate	SBL and Other	Total	Secured Lending	Residential Real Estate	SBL and Other	Total												
ACL—Loans																								
Beginning balance																								
Beginning balance																								
Beginning balance																								
Gross charge-offs																								
Provision (release)																								
Provision (release)																								
Recoveries																								
Net (charge-offs) recoveries																								
Provision (release)																								
Other																								
Ending balance																								
Percent of loans to total loans:	Percent of loans to total loans:						Percent of loans to total loans:																	
	3	%	18	%	4	%	25	%	50	%	100	%	3	%	18	%	4	%	27	%	48	%	100	%
ACL—Lending commitments																								
Beginning balance																								

Provision
(release)
Other
Ending
balance
Total ending
balance

1. Percent of loans to total loans represents loans held for investment by loan type to total loans held for investment.

The allowance for credit losses for loans and lending commitments increased was relatively unchanged in 2023, primarily related to deteriorating conditions in the commercial real estate sector, including 2024, reflecting provisions for certain specific commercial real estate loans and growth in the corporate loan portfolio, offset by charge-offs related to commercial real estate lending, mainly in the office portfolio, sector, and modest growth improvements in certain other loan portfolios. Charge-offs in 2023 were primarily related to Commercial real estate and Corporate loans, the macroeconomic outlook. The base scenario used in our ACL models as of December 31, 2023 December 31, 2024 was generated using a combination of consensus economic forecasts, forward rates, and internally developed and validated models, and models. This scenario assumes slow continued economic growth as well as lower interest rates relative to the prior year forecast. The ACL calculation incorporates key macroeconomic variables, including U.S. real GDP growth rate. The significance of key macroeconomic variables on the ACL calculation varies depending on portfolio composition and economic conditions. Other key macroeconomic variables used in 2024, followed by a gradual improvement in 2025. Given the nature of our lending portfolio, the most sensitive model input is U.S. GDP. ACL calculation include corporate credit spreads, interest rates and commercial real estate indices.

See Note 2 for a description of the ACL calculated under the CECL methodology, including credit quality indicators, used for held-for-investment loans.

Gross Charge-offs by Origination Year

\$ in millions	Year Ended December 31, 2024					
	Corporate	Secured Lending		Residential Real Estate	SBL and Other	Total
		Facilities	CRE			
Revolving	\$ (39)	\$ —	\$ —	\$ —	\$ —	(39)
2022	—	—	(18)	—	—	(18)
2021	—	—	(14)	—	(2)	(16)
2020	—	(11)	—	—	—	(11)
Prior	—	—	(133)	—	(25)	(158)
Total	\$ (39)	\$ (11)	\$ (165)	\$ —	\$ (27)	(242)



Year Ended December 31, 2023						
\$ in millions	Secured					Total
	Corporate	Lending Facilities	Residential Real Estate	CRE	SBL and Other	
Revolving	\$ (34)	\$ —	\$ —	\$ —	\$ —	(34)
2020	—	—	—	—	(3)	(3)
2019	—	—	(85)	—	(1)	(86)
Prior	—	—	(44)	—	—	(44)
Total	\$ (34)	\$ —	\$ (129)	\$ —	\$ (4)	(167)

CRE—Commercial real estate
SBL—Securities-based lending

Selected Credit Ratios

		At December 31, 2023		At December 31, 2022	
ACL for loans to total HFI loans	ACL for loans to total HFI loans	0.6 %	0.4 %	0.5 %	0.6 %
Nonaccrual HFI loans to total HFI loans	Nonaccrual HFI loans to total HFI loans	0.4 %	0.3 %	0.4 %	0.4 %
ACL for loans to nonaccrual HFI loans	ACL for loans to nonaccrual HFI loans	133.3 %	167.1 %	104.6 %	133.3 %

Employee Loans

\$ in millions	At December 31, 2023	At December 31, 2022	\$ in millions	At December 31, 2024	At December 31, 2023
Currently employed by the Firm:					
No longer employed by the Firm:					
Employee loans					
ACL					
Employee loans, net of ACL					
Remaining repayment term, weighted average in years		5.8	Remaining repayment term, weighted average in years	5.6	5.8

1. These loans are predominantly current.
2. These loans are predominantly past due for a period of 90 days or more.

Employee loans are granted in conjunction with a program established primarily to recruit certain Wealth Management financial advisors, are full recourse and generally require periodic repayments, and are due in full upon termination of employment with the Firm. These loans are recorded in Customer and other receivables in the balance sheet. See Note 2 for a description of the CECL allowance methodology, including credit quality indicators, for employee loans.

10. Goodwill and Intangible Assets

Goodwill Rollforward

\$ in millions	\$ in millions	IS	WM	IM	Total	\$ in millions	IS	WM	IM	Total
At December 31, 2021 ¹										
Foreign currency										
Disposals										
At December 31, 2022 ¹										
Foreign currency										
Acquired										
Disposals										
At December 31, 2023 ¹										
Foreign currency										
Acquired										
Disposals										
At December 31, 2024 ¹										
Accumulated impairments:										

1. Balances represent the amount of the Firm's goodwill after accumulated impairments.

2. There were no impairments recorded in 2024, 2023, 2022 or 2021.

Intangible Assets Rollforward

\$ in millions	\$ in millions	IS	WM	IM	Total	\$ in millions	IS	WM	IM	Total
At December 31, 2021										
Acquired										
Disposals										
Amortization expense										
Other										
At December 31, 2022										
Acquired										
Disposals										
Amortization expense										
Other										
At December 31, 2023										
Acquired										
Disposals										
Amortization expense										
Other										
At December 31, 2024										

Intangible Assets by Type

\$ in millions	\$ in millions	Non-amortizable		Amortizable		Non-amortizable		Amortizable	
		Gross Carrying Amount	Accumulated Amortization						
At December 31, 2024									
Management contracts									
Management contracts									
Management contracts									

Customer relationships
Trade names
Other
Total

At December 31, 2023

Management contracts
Management contracts
Management contracts
Customer relationships
Trade names
Other

Total

At December 31, 2022

Management contracts
Management contracts
Management contracts
Customer relationships
Trade names
Other

Total

Intangible Assets Estimated Future Amortization Expense

<i>\$ in millions</i>	At December 31, 2024
2025	451
2026	343
2027	340
2028	336
2029	333

The Firm's annual goodwill and non-amortizable intangible asset impairment testing as of July 1, 2024 did not indicate any impairment. For more information, see Note 2.

Intangible Assets Estimated Future Amortization Expense

\$ in millions	At December 31, 2023
2024	\$ 600
2025	455
2026	348
2027	343
2028	337

The Firm's annual goodwill and non-amortizable intangible asset impairment testing as of July 1, 2023 did not indicate any impairment. For more information, see Note 2.

11. Other Assets—Equity Method Investments Assets and Leases

Equity Method Investments

\$ in millions	At December 31, 2023	At December 31, 2022	At December 31, 2024	At December 31, 2023
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Investments

\$ in millions	2023	2022	2021	2024	2023	2022
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Income (loss)

Equity method investments, other than investments in certain fund interests, are summarized above and are included in Other assets in the balance sheet with related income or loss included in Other revenues in the income statement. See "Net Asset Value Measurements—Fund Interests" in Note 4 for the carrying value of certain of the Firm's fund interests, which are composed of general and limited partnership interests, as well as any related carried interest.

Japanese Securities Joint Venture

\$ in millions	2023	2022	2021	2024	2023	2022
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Income (loss) from investment in MUMSS

The Firm and Mitsubishi UFJ Financial Group, Inc. ("MUFG") formed a joint venture in Japan comprising their respective investment banking and securities businesses by forming two joint venture companies, Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. ("MUMSS") and Morgan Stanley MUFG Securities Co., Ltd. ("MSMS") (collectively, the "Joint Venture"). The Firm owns a 40% economic interest in the Joint Venture, and MUFG owns the other 60%.

The Firm's 40% voting interest in MUMSS is accounted for under the equity method within the Institutional Securities business segment and is included in the equity method investment balances above. The Firm consolidates MSMS into the Institutional Securities business segment, based on its 51% voting interest.

The Firm engages in transactions in the ordinary course of business with MUFG and its affiliates; for example, investment banking, financial advisory, sales and trading, derivatives, investment management, lending, securitization and other financial services transactions. Such transactions are on substantially the same terms as those that would be

available to unrelated third parties for comparable transactions.

Additionally, during 2024 the Firm further expanded its alliance with MUFG to collaborate in the foreign exchange trading and Japanese research and equity businesses for institutional clients.

Tax Equity Investments

The Firm invests in tax equity investment interests which entitle the Firm to a share of tax credits and other income tax benefits generated by the projects underlying the investments.

Effective January 1, 2024, the Firm made an election to account for certain renewable energy and other tax equity investments programs using the proportional amortization method under newly adopted accounting guidance.

Tax Equity Investments under the Proportional Amortization Method

\$ in millions	At	
	December 31, 2024	December 31, 2023
Low-income housing ¹	\$ 1,787	\$ 1,699
Renewable energy and other ²	67	—
Totals	\$ 1,854	\$ 1,699

- Amounts include unfunded equity contributions of \$613 million and \$661 million as of December 31, 2024 and December 31, 2023, respectively. The corresponding liabilities for the commitments to fund these equity contributions are recorded in Other liabilities and accrued expenses. The majority of these commitments are expected to be funded within 5 years.
- Prior to adoption of the *Investments - Tax Credit Structures* accounting update on January 1, 2024, Renewable energy and other investments were accounted for under the equity method.
- At December 31, 2024, this amount excludes \$48 million of tax equity investments within programs for which the Firm elected the proportional amortization method that do not meet the conditions to apply the proportional amortization method, which are accounted for as equity method investments.

Income tax credits and other income tax benefits recognized as well as proportional amortization are included in the Provision for income taxes line in the consolidated income statement and in the Depreciation and amortization line in the consolidated cash flow statement.

Net Benefits Attributable to Tax Equity Investments under the Proportional Amortization Method

\$ in millions	2024	2023	2022
Income tax credits and other income tax benefits	\$ 301	\$ 237	\$ 208
Proportional amortization	(239)	(197)	(174)
Net benefits	\$ 62	\$ 40	\$ 34

Leases

The Firm's leases are principally non-cancelable operating real estate leases.

Balance Sheet Amounts Related to Leases

\$ in millions	At		At	
	December 31, 2023	December 31, 2022	December 31, 2024	December 31, 2023
Other assets—ROU assets				
Other liabilities and accrued expenses				
—Lease liabilities				
Weighted average:				
Remaining lease term, in years				
Remaining lease term, in years				
Remaining lease term, in years	8.7	8.6	8.5	8.7
Discount rate	Discount rate	Discount rate	Discount rate	Discount rate
	4.0 %	3.3 %	4.3 %	4.0 %

Notes to Consolidated Financial Statements



Lease Liabilities

\$ in millions	\$ in millions		\$ in millions	
	At December 31, 2023	At December 31, 2022	At December 31, 2024	At December 31, 2023
2023				
2024				
2025				
2026				
2027				
2028				
2029				
Thereafter				
Total undiscounted cash flows				
Imputed interest				
Amount on balance sheet				
Committed leases not yet commenced				

Lease Costs

\$ in millions	\$ in millions			\$ in millions		
	2023	2022	2021	2024	2023	2022
Fixed costs						
Variable costs:						
Less: Sublease income						
Total lease cost, net						

1. Includes common area maintenance charges and other variable costs not included in the measurement of ROU assets and lease liabilities.

Cash Flows Statement Supplemental Information

\$ in millions	\$ in millions			\$ in millions		
	2023	2022	2021	2024	2023	2022
Cash outflows—Lease liabilities						
Non-cash—ROU assets recorded for new and modified leases						

Occupancy lease agreements, in addition to base rentals, generally provide for rent and operating expense escalations resulting from increased assessments for real estate taxes and other charges.

Notes to Consolidated Financial Statements



12. Deposits

Deposits

\$ in millions	At December 31, 2023		At December 31, 2022	
	\$ in millions	2023	2022	\$ in millions
Savings and demand deposits				
Time deposits				
Total deposits				
Deposits subject to FDIC insurance				
Deposits not subject to FDIC insurance				

Time Deposit Maturities

\$ in millions	At December 31, 2023		At December 31, 2024	
\$ in millions	2023	2022	2024	2023
2024				
2025				
2026				
2027				
2028				
2029				
Thereafter				
Total				

Uninsured Non-U.S. Time Deposit Maturities

\$ in millions	At December 31, 2023		At December 31, 2024	
Less than 3 months	\$	1,602	2,659	
3 - 6 months		540	431	
6 - 12 months		381	390	
Over 12 months		48	—	
Total	\$	2,571	3,480	

Deposits in U.S. Bank Subsidiaries from Non-U.S. Depositors

\$ in millions	At December 31, 2023		At December 31, 2022		At December 31, 2024	
	\$ in millions	2023	2022	\$ in millions	2024	2023
Deposits in U.S. bank subsidiaries from non-U.S. depositors						

13. Borrowings and Other Secured Financings

Maturities and Terms of Borrowings

\$ in millions	Parent Company		Subsidiaries		At December 31, 2023		At December 31, 2022					
	Fixed Rate	Variable Rate	Fixed Rate	Variable Rate	December 31, 2023	December 31, 2023	December 31, 2022	December 31, 2022				
Original maturities of one year or less:												
Next 12 months	\$	—	\$	—	\$	84	\$	3,104	\$	3,188	\$	4,191
Original maturities greater than one year:												
2023									\$	18,910		
2024	\$	8,526	\$	389	\$	607	\$	10,629	\$	20,151	\$	29,842
2025		18,994		3,036		2,655		10,838		35,523		30,235
2026		23,038		1,478		3,764		7,143		35,423		28,998
2027		18,935		347		973		5,083		25,338		23,561
2028		11,058		374		622		9,185		21,239		15,698
Thereafter		87,841		2,794		9,392		22,843		122,870		86,623
Total greater than one year	\$	168,392	\$	8,418	\$	18,013	\$	65,721	\$	260,544	\$	233,867

Total	\$ 168,392	\$ 8,418	\$ 18,097	\$ 68,825	\$ 263,732	\$ 238,058
Weighted average coupon						
at period end*	3.5 %	6.1 %	5.2 %	N/M	3.6 %	3.2 %

\$ in millions	Parent Company		Subsidiaries		At	
	Fixed Rate ¹	Variable Rate ²	Fixed Rate ¹	Variable Rate ²	December 31, 2024	December 31, 2023
Original maturities of one year or less:						
Next 12 months	\$ —	\$ —	\$ 146	\$ 4,366	\$ 4,512	\$ 3,188
Original maturities greater than one year:						
2024					\$ 20,151	
2025	\$ 6,617	\$ 927	\$ 2,672	\$ 11,705	\$ 21,921	\$ 35,523
2026	23,288	1,450	3,828	9,403	37,969	35,423
2027	18,833	1,883	3,452	9,882	34,050	25,338
2028	12,478	1,366	5,808	9,067	28,719	21,239
2029	16,129	189	1,278	8,563	26,159	22,193
Thereafter	96,378	2,508	11,499	25,104	135,489	100,677
Total greater than one year	\$ 173,723	\$ 8,323	\$ 28,537	\$ 73,724	\$ 284,307	\$ 260,544
Total	\$ 173,723	\$ 8,323	\$ 28,683	\$ 78,090	\$ 288,819	\$ 263,732
Weighted average coupon						
at period end*	3.9 %	4.9 %	5.1 %	5.9 %	4.1 %	3.6 %

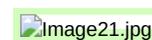
- Fixed rate borrowings include instruments with step-up, step-down and zero coupon features.
- Variable rate borrowings include those that bear interest based on a variety of indices, including SOFR and federal funds rates, in addition to certain notes carried at fair value with various payment provisions, including notes linked to the performance of a specific index, a basket of stocks, a specific equity security, a commodity, a credit exposure or basket of credit exposures.
- Only includes borrowings with original maturities greater than one year. Weighted average coupon is calculated utilizing U.S. and non-U.S. dollar interest rates and excludes the effect of related hedging derivatives and financial instruments for which the fair value option was elected. **Virtually all of the variable rate notes issued by subsidiaries are carried at fair value so a weighted average coupon is not meaningful.** See "Rates for Borrowings with Original Maturities Greater than One Year" table herein for more information.

Borrowings with Original Maturities Greater than One Year

\$ in millions	\$ in millions	At		\$ in millions	At	
		December 31, 2023	December 31, 2022		December 31, 2024	December 31, 2023
Senior						
Subordinated						
Total						
Weighted average stated maturity, in years	Weighted average stated maturity, in years	6.6	6.7	Weighted average stated maturity, in years	6.6	6.6

Certain senior debt securities are denominated in various non-U.S. dollar currencies and may be structured to provide a return that is linked to equity, credit, commodity or other indices (e.g., the consumer price index). Senior debt also may be structured to be callable by the Firm or extendible at the option of holders of the senior debt securities.

Notes to Consolidated Financial Statements



The Firm's Borrowings include notes carried and managed on a fair value basis. These include instruments whose payments and redemption values are linked to the performance of a specific index, a basket of stocks, a specific equity security, a commodity, a credit exposure or basket of credit exposures; and instruments with various interest rate-related features, including step-ups, step-downs and zero coupons. Also included are unsecured contracts that are not classified as OTC derivatives because they fail initial net investment criteria. To minimize the exposure from such instruments, the Firm has entered into various swap contracts and purchased options that effectively convert the borrowing costs into floating rates. The swaps and purchased options used to economically hedge the embedded features are derivatives and also are carried at fair value. Changes in fair value related to the notes and economic hedges are reported in Trading

Notes to Consolidated Financial Statements



revenues. See Notes 2 and 5 for further information on borrowings carried at fair value.

Senior Debt Subject to Put Options or Liquidity Obligations

\$ in millions	\$ in millions		\$ in millions	
	At December 31, 2023	At December 31, 2022	At December 31, 2024	At December 31, 2023

Put options embedded in debt agreements

Liquidity obligations:

1. Includes obligations to support secondary market trading.

Subordinated Debt

	2023	2022			
	2024	2023			
Contractual weighted average coupon	4.3 %	4.1 %	Contractual weighted average coupon	4.5 %	4.3 %

Subordinated debt generally is issued to meet the capital requirements of the Firm or its regulated subsidiaries and primarily is U.S. dollar denominated. Maturities of subordinated debt range from 2025 to 2038, 2039.

Rates for Borrowings with Original Maturities Greater than One Year

	At December 31,		
	2023	2022	2021
Contractual weighted average coupon:	3.6 %	3.2 %	2.7 %
Weighted average coupon after swaps	6.5 %	5.1 %	1.6 %

	At December 31,		
	2024	2023	2022
Contractual weighted average coupon:	4.1 %	3.6 %	3.2 %
Weighted average coupon after hedging derivatives	5.6 %	6.5 %	5.1 %

1. Weighted average coupon was calculated utilizing U.S. and non-U.S. dollar interest rates and excludes financial instruments for which the fair value option was elected.

In general, other than securities inventories and customer balances financed by secured funding sources, the majority of the Firm's assets are financed with a combination of deposits, short-term funding, floating rate long-term debt or fixed rate long-term debt swapped to a floating rate. The Firm uses interest rate swaps to more closely match these borrowings to the duration, holding period and interest rate characteristics of the assets being funded and to manage interest rate risk. These swaps effectively convert certain of

the Firm's fixed rate borrowings into floating rate obligations. In addition, for non-U.S. dollar currency borrowings that are not used to fund assets in the same currency, the Firm has entered into currency swaps that effectively convert the borrowings into U.S. dollar obligations.

The Firm's use of swaps for asset and liability management affects its effective average borrowing rate.

Other Secured Financings

\$ in millions	At December 31, 2023		At December 31, 2022		At December 31, 2024		At December 31, 2023	
	\$ in millions	At December 31, 2023	At December 31, 2022	\$ in millions	At December 31, 2024	At December 31, 2023	At December 31, 2023	
Original maturities:								
One year or less								
One year or less								
One year or less								
Greater than one year								
Total								
Transfers of assets accounted for as secured financings								

Maturities and Terms of Other Secured Financings¹

\$ in millions	At December 31, 2023				At December 31, 2024				
	\$ in millions	Rate	Rate ²	Total	\$ in millions	Rate	Rate ²	Total	
Original maturities of one year or less:									
Next 12 months									
Next 12 months									
Next 12 months									
Original maturities greater than one year:									
2023									
2023									
2023									
2024									
2024									
2024									
2025									
2026									
2027									
2028									
2029									
Thereafter									
Total									
Weighted average coupon at period-ends	Weighted average coupon at period-ends	N/M	5.6 %	5.6 %	4.9 %	4.6 %	4.9 %	4.6 %	5.6 %
	Weighted average coupon at period-ends					4.6 %	4.9 %	4.6 %	5.6 %

- Excludes transfers of assets accounted for as secured financings. See subsequent table.
- Variable rate other secured financings bear interest based on a variety of indices, including SOFR and federal funds rates. Amounts include notes carried at fair value with various payment provisions, including notes linked to equity, credit, commodity or other indices.
- Includes only other secured financings with original maturities greater than one year. Weighted average coupon is calculated utilizing U.S. and non-U.S. dollar interest rates and excludes other secured financings that are linked to non-interest indices and for which the fair value option was elected.

Other secured financings include the liabilities related to collateralized notes, transfers of financial assets that are accounted for as financings rather than sales and consolidated VIEs where the Firm is deemed to be the primary beneficiary. These liabilities are generally payable from the cash flows of the related assets accounted for as Trading assets.

See Note 15 for further information on other secured financings related to VIEs and securitization activities.

Maturities of Transfers of Assets Accounted for as Secured Financings¹

<i>\$ in millions</i>	<i>\$ in millions</i>	At December 31, 2023	At December 31, 2022	<i>\$ in millions</i>	At December 31, 2024	At December 31, 2023
2023						
2024						
2025						
2026						
2027						
2028						
2029						
Thereafter						
Total						

1. Excludes Securities sold under agreements to repurchase and Securities loaned.

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For transfers of assets that fail to meet accounting criteria for a sale, the Firm continues to record the assets and recognizes the associated liabilities in the balance sheet.

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14. Commitments, Guarantees and Contingencies

Commitments

	Years to Maturity at December 31, 2023
	Years to Maturity at December 31, 2024

\$ in millions

\$ in millions

\$ in millions						Less	1-	3-	Over	
	Less than 1	1-3	3-5	Over 5	Total	than 1	3	5	5	Total
Lending:										
Corporate										
Corporate										
Corporate										
Secured lending facilities										
Commercial and Residential real estate										
Securities-based lending and Other										
Forward-starting secured financing receivables:										
Central counterparty										
Investment activities										
Investment activities										
Investment activities										
Letters of credit and other financial guarantees										
Total										
Lending commitments participated to third parties										

1. **Forward-starting** These amounts primarily include secured financing receivables **are yet to settle** as of December 31, 2024, with settlement generally **settled** occurring within three business days. **These amounts also include commitments to enter into certain collateralized financing transactions.**

Since commitments associated with these instruments may expire unused, the amounts shown do not necessarily reflect the actual future cash funding requirements.

Types of Commitments

Lending Commitments. Lending commitments primarily represent the notional amount of legally binding obligations to provide funding to clients for different types of loan transactions. For syndications that are led by the Firm, the lending commitments accepted by the borrower but not yet closed are net of the amounts agreed to by counterparties that will participate in the syndication. For syndications that the Firm participates in and does not lead, lending commitments accepted by the borrower but not yet closed include only the amount that the Firm expects it will be allocated from the lead syndicate bank. Due to the nature of the Firm's obligations under the commitments, these amounts include certain commitments participated to third parties.

Forward-Starting Secured Financing Receivables. **This amount includes** **These amounts include** securities purchased under agreements to resell and securities borrowed that the Firm has entered into prior to the balance sheet date that will settle after the balance sheet date. These transactions are primarily secured by collateral from U.S. government agency securities and other sovereign government obligations when they are funded.

Central Counterparty. These commitments relate to the Firm's membership in certain clearinghouses and are

contingent upon the default of a clearinghouse member or other stress events.

Underwriting Commitments. The Firm provides underwriting commitments in connection with its capital raising sources to a diverse group of corporate and other institutional clients.

Investment Activities. The Firm sponsors several non-consolidated investment management funds for third-party investors where it typically acts as general partner of, and investment adviser to, these funds and typically commits to invest a minority of the capital of such funds, with subscribing third-party investors contributing the majority. The Firm has contractual capital commitments, guarantees and counterparty arrangements with respect to these investment management funds.

Letters of Credit and Other Financial Guarantees. The Firm has outstanding letters of credit and other financial guarantees issued by third-party banks to certain of the Firm's counterparties. The Firm is contingently liable for these letters of credit and other financial guarantees, which are primarily used to provide collateral for securities and commodities traded and to satisfy various margin requirements in lieu of depositing cash or securities with these counterparties.

Guarantees

	At December 31, 2023		At December 31, 2024	
	Maximum Potential Payout/Notional of Obligations by Years to Maturity	Carrying Amount Asset	Maximum Potential Payout/Notional of Obligations by Years to Maturity	Carrying Amount Asset
		(Liability)		(Liability)
<i>\$ in millions</i>				
Non-credit derivatives:				
Non-credit derivatives:				
Non-credit derivatives:				
Standby letters of credit and other financial guarantees issued ^{2,3}				
Non-credit derivatives:				
Non-credit derivatives:				
Non-credit derivatives:				
Standby letters of credit and other financial guarantees issued ²				
Market value guarantees				
Liquidity facilities				
Liquidity facilities				
Liquidity facilities				
Whole loan sales guarantees				
Securitization representations and warranties ⁴				
Securitization representations and warranties ⁴				
General partner guarantees				
Client clearing guarantees				

1. The carrying amounts of derivative contracts that meet the accounting definition of a guarantee are shown on a gross basis. For further information on derivative contracts, see Note 6.
 2. These amounts include certain issued standby letters of credit participated to third parties, totaling \$0.9 billion \$0.6 billion of notional and collateral/recourse, due to the nature of the Firm's obligations under these arrangements.
 3. As of December 31, 2023 December 31, 2024, the carrying amount of standby letters of credit and other financial guarantees issued includes an allowance for credit losses of \$70 \$56 million.
 4. Related to commercial and residential mortgage and asset backed securitizations.

Types of Guarantees

Non-Credit Derivatives. Certain derivative contracts meet the accounting definition of a guarantee, including certain written options, contingent-forward contracts and CDS (see Note 6 regarding credit derivatives in which the Firm has sold credit protection to the counterparty which are excluded from the previous table). For non-credit derivative contracts that meet the accounting definition of a guarantee, the notional amount is used as the maximum potential payout for certain derivative contracts, such as written interest rate caps and written foreign currency options. The Firm evaluates collateral requirements for all derivatives, including derivatives that do not meet the

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 Image21.jpg

currency options. The Firm evaluates collateral requirements for all derivatives, including derivatives that do not meet the accounting definition of a guarantee. For the effects of cash collateral and counterparty netting, see Note 6.

In certain situations, collateral may be held by the Firm for those contracts that meet the definition of a guarantee. Generally, the Firm sets collateral requirements by counterparty so that the collateral covers various transactions and products and is not allocated specifically to individual contracts. Also, the Firm may recover amounts related to the underlying asset delivered to the Firm under the derivative contract.

Standby Letters of Credit and Other Financial Guarantees Issued. Generally, in connection with its lending businesses, the Firm provides standby letters of credit and other financial guarantees to counterparties. Such arrangements represent obligations to make payments to third parties if the counterparty fails to fulfill its obligation under a borrowing arrangement or other contractual obligation. A majority of the Firm's standby letters of credit are provided on behalf of counterparties that are investment grade. If the counterparty fails to fulfill its contractual obligation, the Firm has access to collateral or recourse that would approximate its obligation.

Market Value Guarantees. Market value guarantees are issued to guarantee timely payment of a specified return to investors in certain affordable housing tax credit funds. These guarantees are designed to return an investor's contribution to a fund and the investor's share of tax losses and tax credits expected to be generated by a fund.

Liquidity Facilities. The Firm has entered into liquidity facilities with SPEs and other counterparties, whereby the Firm is required to make certain payments if losses or defaults occur. Primarily, the Firm acts as liquidity provider to municipal bond securitization SPEs and for stand-alone municipal bonds in which the holders of beneficial interests issued by these SPEs or the holders of the individual bonds, respectively, have the right to tender their interests for purchase by the Firm on specified dates at a specified price. The Firm often may have recourse to the underlying assets held by the SPEs in the event payments are required under such liquidity facilities, as well as make-whole or recourse provisions with the trust sponsors. The recourse amount often exceeds the maximum potential payout amount of the guarantee. Substantially all of the underlying assets in the SPEs are investment grade. Liquidity facilities provided to municipal tender option bond trusts are classified as derivatives.

Whole Loan Sales Guarantees. The Firm has provided, or otherwise agreed to be responsible for, representations and warranties regarding certain whole loan sales. Under certain circumstances, the Firm may be required to repurchase such assets or make other payments related to such assets if such representations and warranties are breached. The Firm's maximum potential payout related to such representations and warranties is equal to the current UPB of such loans. Since the Firm no longer services these loans, it has no information on

amount included in the previous table. The related liability primarily relates to sales of loans to the federal mortgage agencies.

Securitization Representations and Warranties. As part of the Firm's Institutional Securities business segment's securitizations and related activities, the Firm has provided, or otherwise agreed to be responsible for, representations and warranties regarding certain assets transferred in securitization transactions sponsored by the Firm. The extent and nature of the representations and warranties, if any, vary among different securitizations. Under certain circumstances, the Firm may be required to repurchase certain assets or make other payments related to such assets if such representations and warranties are breached. The maximum potential amount of future payments the Firm could be required to make would be equal to the current outstanding balances of, or losses associated with, the assets subject to breaches of such representations and warranties. The amount included in the previous table for the maximum potential payout includes the current UPB or historical losses where known and the UPB at the time of sale when the current UPB is not known.

General Partner Guarantees. As a general partner in certain investment management

the current UPB of those loans, and, accordingly, the amount included in the previous table represents the UPB at the time of the whole loan sale or at the time when the Firm last serviced any of those loans. The current UPB balances could be substantially lower than the maximum potential payout

General Partner Guarantees. As a general partner in certain investment management funds, the Firm receives certain distributions from the partnerships when the return exceeds specified performance targets according to the provisions of the partnership agreements. The Firm may be required to return all or a portion of such distributions to the limited partners in the event the limited partners do not achieve a certain return as specified in the various partnership agreements, subject to certain limitations.

Client Clearing Guarantees. The Firm is a sponsoring member of the Government Securities Division of the FICC's FICC's Sponsored Clearing Model. Clients of the Firm, as sponsored members, can transact in overnight and term securities repurchase and resale agreements, which are cleared through the FICC. As sponsoring member, the Firm guarantees to the FICC the prompt and full payment and performance of its clients' obligations. In 2020, the FICC's sponsored clearing model was updated such that the Firm could be responsible for liquidation of a sponsored member's account and guarantees any resulting loss to the FICC in the event the sponsored member fails to fully pay any net liquidation amount due from the sponsored member to the FICC. Accordingly, the Firm's maximum potential payout amount reflects the total of the estimated net liquidation amounts for sponsored member accounts. The Firm minimizes credit exposure under this guarantee by obtaining a security interest in its sponsored member clients' collateral and their contractual rights under sponsored member transactions. Therefore, the Firm's Firm's exposure is estimated to be an amount substantially lower than the maximum potential payout amount. The collateral amount in which the Firm has a security interest is approximately equal to the maximum potential payout amount of the guarantee.

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amount. The collateral amount in which the Firm has a security interest is approximately equal to the maximum potential payout amount of the guarantee.

The maximum potential payout under these rules cannot be estimated. The Firm has not recorded any contingent liability in its financial statements for these agreements and

Other Guarantees and Indemnities

In the normal course of business, the Firm provides guarantees and indemnifications in a variety of transactions. These provisions generally are standard contractual terms. Certain of these guarantees and indemnifications are described below:

- *Indemnities.* The Firm provides standard indemnities to counterparties for certain contingent exposures and taxes, including U.S. and foreign withholding taxes, on interest and other payments made on derivatives, securities and stock lending transactions, certain annuity products and other financial arrangements. These indemnity payments could be required based on a change in the tax laws, a change in interpretation of applicable tax rulings or a change in factual circumstances. Certain contracts contain provisions that enable the Firm to terminate the agreement upon the occurrence of such events. The Firm may also provide indemnities when it sells a business or assets to a third-party, pursuant to which it indemnifies the third-party for losses incurred on assets acquired or liabilities assumed or due to actions taken by the Firm prior to the sale of the business or assets. The Firm expects the risk of loss associated with indemnities related to the sale of businesses or assets to be remote. The maximum potential amount of future payments that the Firm could be required to make under these indemnifications cannot be estimated.
- *Market Value Guarantees.* Market value guarantees are issued to guarantee timely payment of a specified return to investors in certain affordable housing tax credit funds. These guarantees are designed to return an investor's contribution to a fund and the investor's share of tax losses and tax credits expected to be generated by a fund.
- *Exchange/Clearinghouse Member Guarantees.* The Firm is a member of various exchanges and clearinghouses that trade and clear securities and/or derivative contracts. Associated with its membership, the Firm may be required to pay a certain amount as determined by the exchange or the clearinghouse in case of a default of any of its members or pay a proportionate share of the financial obligations of another member that may default on its obligations to the exchange or the clearinghouse. While the rules governing different exchange or clearinghouse memberships and the forms of these guarantees may vary, in general the Firm's obligations under these rules would arise only if the exchange or clearinghouse had previously exhausted its resources.

In addition, some clearinghouse rules require members to assume a proportionate share of losses resulting from the clearinghouse's investment of guarantee fund contributions and initial margin and of other losses unrelated to the default of a clearing member, if such losses exceed the specified resources allocated for such purpose by the clearinghouse.

believes that any potential requirement to make payments under these agreements is remote.

- *Futures and Over-the-Counter Derivatives Clearing.* The Firm provides clearing services on central counterparty clearinghouses ("CCPs") for clients that need to clear exchange-traded and OTC derivatives contracts with CCPs. The Firm acts as an agent in its role as clearing member for these client transactions. As such, the Firm does not reflect the underlying exchange-traded or OTC derivatives contracts in its Consolidated Financial Statements. See Note 6 for a discussion of the Firm's derivatives activities that are reflected in its Consolidated Financial Statements.

As a clearing member, the Firm is responsible to the CCP for the performance of its clients, collects cash and securities collateral (margin) as well as any settlement amounts due from or to clients, and remits them to the relevant CCP or client in whole or part. There are two types of margin: (1) variation margin is posted on a daily basis based on the value of clients' derivative contracts and (2) initial margin is posted at inception of a derivative contract, generally on the basis of the potential

changes in the variation margin requirement for the contract.

As a clearing member, the Firm is exposed to the risk of nonperformance by its clients to CCPs but is not liable to clients for the performance of the CCPs. Where possible, the Firm seeks to mitigate its risk to the client through the collection of appropriate amounts of margin at inception and throughout the life of the transactions. In the event of nonperformance by a client, the Firm would close out the client's positions and access available margin. The CCP would utilize any margin it holds to make itself whole, with any remaining shortfalls required to be paid by the Firm as a clearing member. It is difficult to estimate the Firm's maximum possible exposure through its role as a clearing member as it depends on the nature and volume of client's future transactions, market conditions and potential client defaults. However, based upon historical experience, the Firm's exposure is significantly mitigated by the credit risk mitigants available to the Firm. As a result, management believes that the risk of material loss to the Firm is expected to be remote.

- *Merger and Acquisition Guarantees.* The Firm may, from time to time, in its role as investment banking advisor be required to provide guarantees in connection with certain European merger and acquisition transactions. If required by the regulating authorities, the Firm provides a guarantee that the acquirer in the transaction has or will have sufficient funds to complete the transaction and would then be required to make the acquisition payments in the event the acquirer's funds are insufficient at the completion date of the transaction. These arrangements generally cover the time frame from the transaction offer date to its closing date

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and, therefore, are generally short term in nature. The Firm believes the likelihood of any payment by the Firm under these arrangements is remote given the level of its due diligence in its role as investment banking advisor.

In addition, in the ordinary course of business, the Firm guarantees the debt and/or certain trading obligations (including obligations associated with derivatives, foreign exchange contracts and the settlement of physical commodities) of certain subsidiaries. These guarantees generally are entity or product specific and are required by investors or trading counterparties. The activities of the Firm's subsidiaries covered by these guarantees (including any related debt or trading obligations) are included in the financial statements.

Finance Subsidiary

The Parent Company fully and unconditionally guarantees the securities issued by Morgan Stanley Finance LLC, a wholly owned finance subsidiary. No other subsidiary of the Parent Company guarantees these securities.

Contingencies

Legal

In addition to the matters described below, in the normal course of business, the Firm has been named, from time to time, as a defendant in various legal actions, including arbitrations, class actions and other litigation, arising in connection with its activities as a global diversified financial services institution. Certain of the actual or threatened legal actions include claims for substantial compensatory and/or punitive damages or claims for indeterminate amounts of damages. In some cases, the third-party entities that are, or would otherwise be, the primary defendants in such cases are bankrupt, in financial distress, or may not honor applicable indemnification obligations. These actions have included, but are not limited to, antitrust claims, claims under various false claims act statutes, and matters arising from our **wealth management businesses**, sales and trading businesses, and our activities in the capital markets.

The Firm is also involved, from time to time, in other reviews, investigations and proceedings (both formal and informal) by

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governmental **and self-regulatory or other regulatory** agencies regarding the Firm's business, and involving, among other matters, sales, **trading**, financing, prime brokerage, market-making activities, investment banking advisory services, capital markets activities, financial products or offerings sponsored, underwritten or sold by the Firm, wealth and investment management services, and accounting and operational matters, certain of which may result in adverse judgments, settlements, fines, penalties, disgorgement, restitution, forfeiture, injunctions, limitations on our ability to conduct certain business, or other relief.

The Firm contests liability and/or the amount of damages as appropriate in each pending matter. Where available information indicates that it is probable a liability had been incurred at the date of the financial statements and the Firm can reasonably estimate the amount of that loss or the range of loss, the Firm accrues an estimated loss by a charge to income, including with respect to certain of the individual proceedings or investigations described below.

\$ in millions	\$ in millions	2023	2022	2021	\$ in millions	2024	2023	2022
Legal expenses								

The Firm's legal expenses can, and may in the future, fluctuate from period to period, given the current environment regarding government or **self-regulatory regulatory** agency investigations and private litigation affecting global financial services firms, including the Firm.

In many legal proceedings and investigations, it is inherently difficult to determine whether any loss is probable or reasonably possible, or to estimate the amount of any loss. In addition, even where the Firm has determined that a loss is probable or reasonably possible or an exposure to loss or range of loss exists in excess of the liability already accrued with respect to a previously recognized loss contingency, the Firm **is often may be** unable to reasonably estimate the amount of the loss or range of loss. It is particularly difficult to determine if a loss is probable or reasonably possible, or to estimate the amount of loss, where the factual record is being developed or contested or where plaintiffs or government entities seek substantial or indeterminate damages, restitution, forfeiture, disgorgement or penalties. Numerous issues may need to be resolved in an investigation or proceeding before a determination can be made that a loss or additional loss (or range of loss or range of additional loss) is probable or reasonably possible, or to estimate the

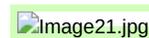
amount of loss, including through potentially lengthy discovery or determination of important factual matters, determination of issues related to class certification, the calculation of damages or other relief, and consideration of novel or unsettled legal questions relevant to the proceedings or investigations in question.

The Firm has identified below any individual proceedings or investigations where the Firm believes a material loss (or where an accrual has occurred, a material loss beyond the amount already accrued) to be reasonably possible. In many certain legal proceedings in which the Firm has determined that a material loss (or where an accrual has occurred, a material loss beyond the amount already accrued) is reasonably possible, the Firm is unable to reasonably estimate the loss or range of loss. There are other matters in which the Firm has determined a loss or range of loss to be reasonably possible, but the Firm does not believe, based on current knowledge and after consultation with counsel, that such losses could have a material adverse effect on the Firm's financial statements as a whole, although the outcome of such proceedings or investigations may significantly impact the Firm's business or results of operations for any particular reporting period, or cause significant reputational harm.

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While the Firm has identified below certain proceedings or investigations that the Firm believes to be material, individually or collectively, there can be no assurance that material losses will not be incurred from claims that have not yet been asserted or those where potential losses have not yet been determined to be probable or reasonably possible.

Block Trading Matter

On January 12, 2024, the U.S. Attorney's Office for the Southern District of New York ("USAO") and the SEC announced they had reached settlement agreements with the Firm in connection with their investigations into the Firm's blocks business. Specifically, the Firm entered into a three-year non-prosecution agreement ("NPA") with the USAO that included the payment of forfeiture, restitution, and a criminal fine for making false statements in connection with the sale of certain block trades from 2018 through August 2021. The NPA required the Firm to admit responsibility for certain acts of its employees and to continue to cooperate with and provide certain information to the USAO for the term of the agreement. Additionally, the SEC charged the Firm with violations of Section 10(b) of the Exchange Act and Rule 10b-5(b) thereunder for the disclosure of confidential information about block trades and also violations of Section 15(g) of the Exchange Act for the failure to enforce its policies concerning the misuse of material non-public information related to block trades. As part of the SEC agreement, the Firm paid disgorgement and a civil penalty. After the agreed-upon credits were applied, the Firm paid a total amount of approximately \$249 million under both settlements. The Firm also faces potential civil liability arising from claims that have been or may be asserted by, among others, block transaction participants who contend they were harmed or disadvantaged including, among other things, as a result of a share price decline allegedly caused by the activities of the Firm and/or its employees, or as a result of the Firm's and/or its employees' failure to adhere to applicable laws and regulations. In addition, the Firm has responded to demands from shareholders under Section 220 of the Delaware General Corporation Law for books and records concerning the investigations.

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Antitrust Related Matters

The Firm and other financial institutions are responding to a number of governmental investigations and civil litigation matters related to allegations of anticompetitive conduct in various aspects of the financial services industry, including the matters described below.

Beginning in February of 2016, the Firm was named as a defendant in multiple purported antitrust class actions now consolidated into a single proceeding in the United States District Court for the Southern District of New York ("SDNY") styled *In Re: Interest Rate Swaps Antitrust Litigation*. Plaintiffs allege, inter alia, that the Firm, together with a number of other financial institution defendants, violated U.S. and New York state antitrust laws from 2008 through December of 2016 in connection with their alleged efforts to prevent the development of electronic exchange-based platforms for interest rate swaps trading. Complaints were filed both on behalf of a purported class of investors who purchased interest rate swaps from defendants, as well as on behalf of three operators of swap execution facilities that allegedly were thwarted by the defendants in their efforts to develop such platforms. The consolidated complaints seek, among other relief, inter alia, certification of the investor class of plaintiffs and treble damages. On July 28, 2017, the court granted in part and denied in part the defendants' motion to dismiss the complaints. On December 15, 2023, the court denied the class plaintiffs' motion for class certification. On December 29, 2023, the class plaintiffs petitioned the United States Court of Appeals for the Second Circuit for leave to appeal that decision.

In August of 2017, the Firm was named as a defendant in a purported antitrust class action in the United States District Court for the SDNY styled *Iowa Public Employees' Retirement System et al. v. Bank of America Corporation et al.* Plaintiffs allege, inter alia, that the Firm, together with a number of other financial institution defendants, violated U.S. antitrust laws and New York state law in connection with their alleged efforts to prevent the development of electronic exchange-based platforms for securities lending. The class action complaint was filed on behalf of a purported class of borrowers and lenders who entered into stock loan transactions with the defendants. The class action complaint seeks, among other relief, certification of the class of plaintiffs and treble damages. On September 27, 2018 February 28, 2024, the court denied the defendants' motion to dismiss the class action complaint. Plaintiffs' motion for class certification was referred by the District Court to a magistrate judge who, on June 30, 2022, issued a report and recommendation that the District Court certify a class. On May 20, 2023, the Firm parties reached an agreement in principle to settle the litigation. class claims. On September 1, 2023 July 11, 2024, the court granted preliminary approval of the settlement.

The Firm is a defendant in three antitrust class action complaints which have been consolidated into one proceeding

complaint, dismissing state law claims, but denying dismissal of the U.S. antitrust claims. On September 21, 2023, the court granted plaintiffs' motion for class certification. On October 5, 2023 February 5, 2024, defendants petitioned the United States Court of Appeals for the Second Circuit for granted leave to appeal that decision, which was granted on February 5, 2024.

Qui Tam Matters

The Firm and other financial institutions are defending against qui tam litigations brought under various state false claims statutes, including the matter described below. Such matters may involve the same types of claims pursued in multiple jurisdictions and may include claims for treble damages.

On August 18, 2009, Relators Roger Hayes and C. Talbot Heppenstall, Jr., filed a qui tam action in New Jersey state court styled *State of New Jersey ex. rel. Hayes v. Bank of America Corp., et al.* The complaint, filed under seal pursuant to the New Jersey False Claims Act, alleged that the Firm and several other underwriters of municipal bonds had defrauded New Jersey issuers by misrepresenting that they

in the United States District Court for the SDNY under the caption *City of Philadelphia, et al. v. Bank of America Corporation, et al.* Plaintiffs allege, inter alia, that the Firm, along together with a number of other financial institution defendants, violated U.S. antitrust laws and relevant state laws in connection with alleged efforts to artificially inflate interest rates for Variable Rate Demand Obligations ("VRDO"). Plaintiffs seek, among other relief, The consolidated complaint seeks, inter alia, certification of the class of plaintiffs and treble damages. The class action complaint was filed on behalf of a class of municipal issuers of VRDO for which defendants served as remarketing agent. On November 2, 2020, the court granted in part and denied in part the defendants' motion to dismiss the consolidated

would achieve the best price or lowest cost of capital in connection with certain municipal bond issuances. On March 17, 2016, the court entered an order unsealing the complaint. On November 17, 2017, Relators filed an amended complaint to allege the Firm mispriced certain bonds issued in twenty-three bond offerings between 2008 and 2017, having a total par amount of \$6.9 billion. The complaint seeks, among other relief, treble damages. On February 22, 2018, the Firm moved to dismiss the amended complaint, and on July 17, 2018, the court denied the Firm's motion. On October 13, 2021, following a series of voluntary and involuntary dismissals, Relators limited their claims to certain bonds issued in five offerings the Firm underwrote between 2008 and 2011, having a total par amount of \$3.9 billion. On August 22, 2023, the Firm reached an agreement in principle to settle the litigation.[decision](#).

European Matters

Tax

In matters styled *Case number 15/3637* and *Case number 15/4353*, the Dutch Tax Authority ("Dutch Authority") [is challenging](#) [challenged](#) in the Dutch courts the prior set-off by the Firm

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of approximately €124 million (approximately \$137 \$128 million) plus accrued interest of withholding tax credits against the Firm's corporation tax liabilities for the tax years 2007 to 2012. The Dutch Authority alleges alleged that the Firm was not entitled to receive the withholding tax credits on the basis, inter alia, that a Firm subsidiary did not hold legal title to certain securities subject to withholding tax on the relevant dates. The Dutch Authority has also alleged that the Firm failed to provide certain information to the Dutch Authority and to keep adequate books and records. On April 26, 2018, the District Court in Amsterdam issued a decision dismissing the Dutch Authority's claims with respect to certain of the tax years in dispute. On May 12, 2020, the Court of Appeal in Amsterdam granted the Dutch Authority's Authority's appeal in matters re-styled Case number 18/00318 and Case number 18/00319. On January 19, 2024, the Dutch High Court granted the Firm's appeal in matters re-styled Case number 20/01884 and referred the case to the Court of Appeal in The Hague. On November 11, 2024, the Firm reached an agreement to settle the Dutch Authority's challenges for the tax years 2007 to 2012 and made payment of the prior set-off amounts and interest indicated above. The case has been withdrawn.

On June 22, 2021, Dutch criminal authorities sought various documents in connection with an investigation of the Firm related to the civil claims asserted by the Dutch Authority concerning the accuracy of the Firm subsidiary's tax returns and the maintenance of its books and records for 2007 to 2012. The Dutch criminal authorities have requested additional information, and the Firm is continuing to respond to them in connection with their ongoing investigation.

Danish Underwriting Matter

On October 5, 2017, various institutional investors filed a claim against investigation, and is engaging with them as the Firm and another bank in a matter now styled Case number B-803-18 (previously BS 99-6998/2017), in the City Court of Copenhagen, Denmark concerning their roles as underwriters of the initial public offering ("IPO") in March 2014 of the Danish company OW Bunker A/S. The claim seeks damages of approximately DKK529 million (approximately \$79 million) plus interest in respect of alleged losses arising from investing in shares in OW Bunker, which entered into bankruptcy in November 2014. Separately, on November 29, 2017, another group of institutional investors joined the Firm and another bank as defendants to pending proceedings in the High Court of Eastern Denmark against various other parties involved in the IPO in a matter styled Case number B-2073-16. The claim brought against the Firm and the other bank has been given its own Case number B-2564-17. The investors claim damages of approximately DKK767 million (approximately \$114 million) plus interest from the Firm and the other bank on a joint and several basis with the Defendants to these proceedings. Both claims are based on alleged prospectus liability; the second claim also alleges professional liability of banks acting as financial intermediaries. On June 8, 2018, the City Court of Copenhagen, Denmark ordered that the matters now styled Case number B-803-18, Case number B-2073-16, and Case number B-2564-17 be heard together before the High Court of Eastern Denmark. On June 29, 2018, the Firm filed its defense to the matter now styled Case number B-2564-17. On

February 4, 2019, the Firm filed its defense to the matter now styled Case number B-803-18.criminal process progresses.

U.K. Government Bond Matter

The Firm is engaging with On February 21, 2025, the UK U.K. Competition and Markets Authority announced a settlement with the Firm, as well as other financial institutions, in connection with its investigation of suspected anti-competitive arrangements in the financial services sector, specifically regarding the Firm's Firm's activities concerning certain liquid fixed income products between 2009 and 2012. On May 24, 2023, the U.K. Competition and Markets Authority issued a Statement of Objections setting out its provisional findings that the Firm had breached U.K. competition law by sharing competitively sensitive information in connection with gilts and gilt asset swaps between 2009 and 2012. The Firm is contesting the provisional findings. Separately, on June 16, 2023, the Firm was named as a defendant in a purported antitrust class action in the United States District Court for the SDNY styled Oklahoma Firefighters Pension and Retirement System v. Deutsche Bank Aktiengesellschaft, et al., alleging, inter alia, that the Firm, together with a number of other financial institution defendants, violated U.S. antitrust laws in

connection with their alleged effort to fix prices of gilts traded in the United States between 2009 and 2013. The complaint seeks, inter alia, certification of the class of plaintiffs and treble damages. On September 28, 2023 September 16, 2024, the defendants filed a court granted defendants' joint motion to dismiss, and the complaint which has been fully briefed, was dismissed without prejudice. The Firm and certain other defendants have reached an agreement in principle to settle the U.S. litigation.

Other

On August 13, 2021, the plaintiff in *Camelot Event Driven Fund, a Series of Frank Funds Trust v. Morgan Stanley & Co. LLC, et al.* filed in the Supreme Court of the State of New York, New York County ("Supreme Court of NY NY") a purported class action complaint alleging violations of the federal securities laws against ViacomCBS ("Viacom"), certain of its officers and directors, and the underwriters, including the Firm, of two March 2021 Viacom offerings: a \$1.7 billion \$1.7 billion Viacom Class B Common Stock offering and a \$1 billion offering of 5.75% Series A Mandatory Convertible Preferred Stock (collectively, the "Offerings"). The complaint seeks certification of the class of plaintiffs and unspecified compensatory damages and alleges, inter alia, that the Viacom offering documents for both issuances contained material misrepresentations and omissions because they did not disclose that certain of the underwriters, including the Firm, had prime brokerage relationships and/or served as counterparties to certain derivative transactions with Archegos Capital Management LP ("Archegos"), a fund with significant exposure to Viacom securities across multiple prime brokers. The complaint which seeks, among other things, unspecified compensatory damages, also alleges that the offering documents did not adequately disclose the risks associated with Archegos's concentrated Viacom positions at the various prime brokers, including that the unwind of those positions could have a deleterious impact on the stock price of Viacom. On November 5, 2021, the complaint was amended to add allegations that defendants failed to disclose that certain underwriters, including the Firm, had intended to unwind Archegos's Viacom positions while simultaneously distributing the Offerings. On February 6, 2023, the court issued a decision denying the motions to dismiss as to the

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Firm and the other underwriters, but **granted** granting the motion to dismiss as to Viacom and the Viacom individual defendants. On February 15, 2023, the underwriters, including the Firm, filed their notices of appeal of the denial of their motions to dismiss. On March 10, 2023, the plaintiff appealed the dismissal of Viacom and the individual Viacom defendants. On **April 4, 2024**, the Appellate Division upheld the lower court's decision as to the Firm and other underwriter defendants that had prime brokerage relationships and/or served as counterparties to certain derivative transactions with Archegos, dismissed the remaining underwriters, and upheld the dismissal of Viacom and its officers and directors. On July 25, 2024, the Appellate Division denied the plaintiff's and the Firm's respective motions for leave to reargue or appeal the April 4, 2024 decision. On January 4, 2024, the court granted

the plaintiff's motion for class **certification**. On **February 14, 2024**, certification, which the defendants **filed their notice of appeal**. have appealed.

On May 17, 2013, the plaintiff in *IKB International S.A. in Liquidation, et al. v. Morgan Stanley, et al.* filed a complaint against the Firm and certain affiliates in the Supreme Court of NY. The complaint alleges that defendants made material misrepresentations and omissions in the sale to the plaintiff of certain mortgage pass-through certificates backed by securitization trusts containing residential mortgage loans. The total amount of certificates allegedly sponsored, underwritten and/or sold by the Firm to **plaintiffs the plaintiff** was approximately \$133 million. The complaint alleges causes of action against the Firm for common law fraud, fraudulent concealment, aiding and abetting fraud, and negligent misrepresentation, and seeks, **among other things, inter alia**, compensatory and punitive damages. On October 29, 2014, the court granted in part and denied in part the Firm's motion to dismiss. All claims regarding four certificates were dismissed. After these dismissals, the remaining amount of certificates allegedly issued by the Firm or sold to **plaintiffs the plaintiff** by the Firm was approximately \$116 million. On August 11, 2016, the Appellate Division **First Department** affirmed the trial court's order denying in part the Firm's motion to dismiss the complaint. On July 15, 2022, the Firm filed a motion for summary judgment on all remaining claims. On March 1, 2023, the court granted in part and denied in part the Firm's motion for summary judgment, narrowing the alleged misrepresentations at issue in the case. On **March 14, 2023** March 26, 2024, the Appellate Division affirmed the trial court's summary judgment order. On August 27, 2024, the plaintiff notified the court that in light of the court's rulings to exclude certain evidence at trial, the plaintiff could not prove its claims at trial, and requested that the court dismiss the case, subject to its right to appeal the evidentiary rulings. On August 28, 2024, the court dismissed the case, and judgment was entered in the Firm's favor. The plaintiff has filed notices of appeal.

Beginning in February of 2024, Morgan Stanley Smith Barney LLC ("MSSB") and E*TRADE Securities LLC ("E*TRADE Securities"), among others, have been named as defendants in multiple putative class actions pending in the federal district courts for the District of New Jersey and SDNY. The class action claims have been brought on behalf of brokerage, advisory and retirement account holders, alleging various contractual, fiduciary, and statutory claims (including under the Racketeer Influenced and Corrupt Organizations Act, 18 U.S.C. §1962(c)-(d)) that MSSB and/or E*TRADE Securities failed to pay a reasonable rate of interest on its cash sweep products. The cases are at an early stage with motions for consolidation and transfer currently pending. Together, the complaints seek, inter alia, certification of a class of plaintiffs, unspecified compensatory damages, equitable and injunctive relief, and treble damages.

The Firm **filed its notice** has been engaged with and is responding to requests for information from the Enforcement Division of **appeal**, the SEC regarding advisory account cash balances swept to the

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affiliate bank deposit program and on March 21, 2023, plaintiffs filed their notice compliance with the Investment Advisers Act of cross appeal. 1940, and from a state securities regulator regarding brokerage account cash balances swept to the affiliate bank deposit program.

15. Variable Interest Entities and Securitization Activities

Overview

The Firm is involved with various SPEs in the normal course of business. In most cases, these entities are deemed to be VIEs.

The Firm's variable interests in VIEs include debt and equity interests, commitments, guarantees, derivative instruments and certain fees. The Firm's involvement with VIEs arises primarily from:

- Interests purchased in connection with market-making activities, securities held in its Investment securities portfolio and retained interests held as a result of securitization activities, including re-securitization transactions.

For many transactions, such as re-securitization transactions, CLNs and other asset-repackaging notes, there are no significant economic decisions made on an ongoing basis. In these cases, the Firm focuses its analysis on decisions made prior to the initial closing of the transaction and at the termination of the transaction. The Firm concluded in most of these transactions that decisions made prior to the initial closing were shared between the Firm and the initial investors based upon the nature of the assets, including whether the assets were issued in a transaction sponsored by the Firm and the extent of the information available to the Firm and to investors, the number, nature and involvement of investors, other rights held by the Firm and investors, the standardization of the legal documentation and the level of continuing involvement by the Firm, including the amount and type of interests owned by the Firm and by other investors. The Firm focused its control decision on any right held by the Firm or investors related to the termination of the VIE. Most re-securitization transactions, CLNs and other asset-repackaging notes have no such termination rights.

- Guarantees issued and residual interests retained in connection with municipal bond securitizations.
- Loans made to and investments in VIEs that hold debt, equity, real estate or other assets.
- Derivatives entered into with VIEs.
- Structuring of CLNs or other asset-repackaging notes designed to meet the investment objectives of clients.
- Other structured transactions designed to provide tax-efficient yields to the Firm or its clients.

The Firm determines whether it is the primary beneficiary of a VIE upon its initial involvement with the VIE and reassesses whether it is the primary beneficiary on an ongoing basis as long as it has any continuing involvement with the VIE. This determination is based upon an analysis of the design of the VIE, including the VIE's structure and activities, the power to make significant economic decisions held by the Firm and by other parties, and the variable interests owned by the Firm and other parties.

The power to make the most significant economic decisions may take a number of different forms in different types of VIEs. The Firm considers servicing or collateral management decisions as representing the power to make the most significant economic decisions in transactions such as securitizations or CDOs. As a result, the Firm does not consolidate securitizations or CDOs for which it does not act as the servicer or collateral manager unless it holds certain other rights to replace the servicer or collateral manager or to require the liquidation of the entity. If the Firm serves as servicer or collateral manager, or has certain other rights described in the previous sentence, the Firm analyzes the interests in the VIE that it holds and consolidates only those VIEs for which it holds a potentially significant interest in the VIE.

Consolidated VIE Assets and Liabilities by Type of Activity

	At December 31, 2023		At December 31, 2022		At December 31, 2024		At December 31, 2023			
	\$ in millions				\$ in millions					
	millions	VIE Assets	VIE Liabilities	VIE Assets	VIE Liabilities	millions	VIE Assets	VIE Liabilities	VIE Assets	VIE Liabilities
MABS ¹										
Investment vehicles ²										
MTOB										
Other										
Total										

MTOB—Municipal tender option bonds

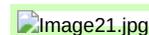
1. Amounts include transactions backed by residential mortgage loans, commercial mortgage loans and other types of assets, including consumer or commercial assets and may be in loan or security form. The value of assets is determined based on the fair value of the liabilities and the interests owned by the Firm in such VIEs as the fair values for the liabilities and interests owned are more observable.
2. Amounts include investment funds and CLOs.

Consolidated VIE Assets and Liabilities by Balance Sheet Caption

	At December 31, 2023		At December 31, 2022		At December 31, 2024		At December 31, 2023	
	\$ in millions				\$ in millions			
Assets								
Cash and cash equivalents								
Cash and cash equivalents								
Cash and cash equivalents								
Trading assets at fair value								
Trading assets at fair value								
Trading assets at fair value								
Investment securities								
Securities purchased under agreements to resell								
Customer and other receivables								
Other assets								
Other assets								
Other assets								
Total								
Liabilities								
Other secured financings								
Other secured financings								
Other secured financings								
Other liabilities and accrued expenses								
Borrowings								
Total								
Noncontrolling interests								

Consolidated VIE assets and liabilities are presented in the previous tables after intercompany eliminations. Generally, most assets owned by consolidated VIEs cannot be removed unilaterally by the Firm and are not available to the Firm

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while the related liabilities issued by consolidated VIEs are non-recourse to the Firm. However, in certain consolidated VIEs, the Firm either has the unilateral right to remove assets or provides additional recourse through derivatives such as total return swaps, guarantees or other forms of involvement.

In general, the Firm's exposure to loss in consolidated VIEs is limited to losses that would be absorbed on the VIE net assets recognized in its financial statements, net of amounts absorbed by third-party variable interest holders.

Non-consolidated VIEs

	At December 31, 2023						At December 31, 2024					
	\$ in millions						\$ in millions					
	millions	MABS ¹	CDO	MTOB	OSF	Other ²	millions	MABS ¹	CDO	MTOB	OSF	Other ²
VIE assets (UPB)												
Maximum exposure to loss:												
Debt and equity interests												
Debt and equity interests												
Debt and equity interests												
Derivative and other contracts												
Commitments, guarantees and other												
Total												
Carrying value of variable interests												
—Assets												
Debt and equity interests												
Debt and equity interests												
Debt and equity interests												
Derivative and other contracts												
Total												
Additional VIE assets owned:												
Carrying value of variable interests												
—Liabilities												
Derivative and other contracts												
Derivative and other contracts												
Derivative and other contracts												

1. Amounts include transactions backed by residential mortgage loans, commercial mortgage loans and other types of assets, including consumer or commercial assets, and may be in loan or security form.

2. Other primarily includes exposures to commercial real estate property and investment funds.

3. Where notional amounts are utilized in quantifying the maximum exposure related to derivatives, such amounts do not reflect changes in fair value recorded by the Firm.

4. Additional VIE assets owned represents the carrying value of total exposure to non-consolidated VIEs for which the maximum exposure to loss is less than specific thresholds, primarily interests issued by securitization SPEs. The Firm's maximum exposure to loss generally equals the fair value of the assets owned. These assets are primarily included in Trading assets and Investment securities and are measured at fair value (see Note 4). The Firm does not provide additional support in these transactions through contractual

facilities, guarantees or similar derivatives.

The previous tables include VIEs sponsored by unrelated parties, as well as VIEs sponsored by the Firm; examples of the Firm's involvement with these VIEs include its secondary market-making activities and the securities held in its Investment securities portfolio (see Note 7).

The Firm's maximum exposure to loss is dependent on the nature of the Firm's variable interest in the VIE and is limited to the notional amounts of certain liquidity facilities and other credit support, total return swaps and written put options, as well as the fair value of certain other derivatives and investments the Firm has made in the VIE.

The Firm's maximum exposure to loss in the previous tables does not include the offsetting benefit of hedges or any reductions associated with the amount of collateral held as

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part of a transaction with the VIE or any party to the VIE directly against a specific exposure to loss.

Liabilities issued by VIEs generally are non-recourse to the Firm.

Detail of Mortgage- and Asset-Backed Securitization Assets

	At December 31, At December 31,				At December 31, At December 31,				
	2023		2022		2024		2023		
	Debt and Equity		Debt and Equity		Debt and Equity		Debt and Equity		
\$ in millions	UPB	Interests	UPB	Interests	\$ in millions	UPB	Interests	UPB	Interests
Residential mortgages									
Commercial mortgages									
U.S. agency collateralized mortgage obligations									
Other consumer or commercial loans									
Total									

Securitization Activities

In a securitization transaction, the Firm transfers assets (generally commercial or residential mortgage loans or securities) to an SPE; sells to investors most of the beneficial interests, such as notes or certificates, issued by the SPE; and, in many cases, retains other beneficial interests. The purchase of the transferred assets by the SPE is financed through the sale of these interests.

In many securitization transactions involving commercial mortgage loans, the Firm transfers a portion of the assets to the SPE with unrelated parties transferring the remaining assets. In addition, mainly in securitization transactions involving residential mortgage loans, the Firm may also enter into derivative transactions, primarily interest rate swaps or interest rate caps, with the SPE.

Although not obligated, the Firm generally makes a market in the securities issued by SPEs in securitization transactions. As a market maker, the Firm offers to buy these securities from, and sell these securities to, investors. Securities purchased through these market-making activities are not considered to be retained interests; these beneficial interests generally are included in Trading assets—Corporate and other debt and are measured at fair value.

The Firm enters into derivatives, generally interest rate swaps and interest rate caps, with a senior payment priority in many securitization transactions. The risks associated with these and similar derivatives with SPEs are essentially the same as similar derivatives with non-SPE counterparties and are

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managed as part of the Firm's overall exposure. See Note 6 for further information on derivative instruments and hedging activities.

Investment Securities

The Firm holds securities issued by VIEs within the Investment securities portfolio. These securities are composed of those related to transactions sponsored by the federal mortgage agencies and predominantly the most senior

securities issued by VIEs backed by student loans and commercial mortgage loans. Transactions sponsored by the federal mortgage agencies include an explicit or implicit guarantee provided by the U.S. government. Additionally, the Firm holds certain commercial mortgage-backed securities issued by VIEs retained as a result of the Firm's securitization activities. See Note 7 for further information on the Investment securities portfolio.

Municipal Tender Option Bond Trusts

In a municipal tender option bond trust transaction, the client transfers a municipal bond to a trust. The trust issues short-term securities that the Firm, as the remarketing agent, sells to investors. The client generally retains a residual interest. The short-term securities are supported by a liquidity facility pursuant to which the investors may put their short-term interests. In most programs, a third-party provider will provide such liquidity facility; in some programs, the Firm provides this liquidity facility.

The Firm may, in lieu of purchasing short-term securities for remarketing, decide to extend a temporary loan to the trust. The client can generally terminate the transaction at any time. The liquidity provider can generally terminate the transaction upon the occurrence of certain events. When the transaction is terminated, the municipal bond is generally sold or returned to the client. Any losses suffered by the liquidity provider upon the sale of the bond are the responsibility of the client. This obligation is generally collateralized. Liquidity facilities provided to municipal tender option bond trusts are classified as derivatives. The Firm consolidates any municipal tender option bond trusts in which it holds the residual interest.

Credit Protection Purchased through Credit-Linked Notes

CLN transactions are designed to provide investors with exposure to certain credit risk on referenced assets. In these transactions, the Firm transfers assets (generally high-quality securities or money-market investments) to an SPE, enters into a derivative transaction in which the SPE sells protection on an unrelated referenced asset or group of assets, through a credit derivative, and sells the securities issued by the SPE to investors. In some transactions, the Firm may also enter into interest rate or currency swaps with the SPE. Depending on the structure, the assets and liabilities of the SPE may be consolidated and recognized in the Firm's balance sheet or accounted for as a sale of assets.

Upon the occurrence of a credit event related to the referenced asset, the SPE will deliver securities collateral as payment to the Firm, which exposes the Firm to changes in the collateral's value.

Derivative payments by the SPE are collateralized. The risks associated with these and similar derivatives with SPEs are essentially the same as those with non-SPE counterparties and are managed as part of the Firm's overall exposure.

Notes to Consolidated Financial Statements



Other Structured Financings

The Firm invests in **tax equity investment** interests issued by entities that develop and own low-income communities (including low-income housing projects) and entities that construct and own facilities that will generate energy from renewable resources. The interests entitle the Firm to a share of tax credits and tax losses generated by these projects. In addition, the Firm has issued guarantees to investors in certain low-income housing funds. The guarantees are designed to return an investor's contribution to a fund and the investor's share of tax losses and tax credits expected to be generated by the fund. The Firm is also involved with entities designed to provide tax-efficient yields to the Firm or its clients.

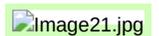
Collateralized Loan and Debt Obligations

CLOs and CDOs are SPEs that purchase a pool of assets consisting of corporate loans, corporate bonds, ABS or synthetic exposures on similar assets through derivatives and issue multiple tranches of debt and equity securities to investors. The Firm underwrites the securities issued in certain CLO transactions on behalf of unaffiliated sponsors and provides advisory services to these unaffiliated sponsors. The Firm sells corporate loans to many of these SPEs, in some cases representing a significant portion of the total assets purchased. Although not obligated, the Firm generally makes a market in the securities issued by SPEs in these transactions and may retain unsold securities. These beneficial interests are included in Trading assets and are measured at fair value.

Equity-Linked Notes

ELN transactions are designed to provide investors with exposure to certain risks related to the specific equity security, equity index or other index. In an ELN transaction, the Firm typically transfers to an SPE either a note issued by the Firm, the payments on which are linked to the performance of a specific equity security, equity index or other index, or debt securities issued by other companies and a derivative contract, the terms of which will relate to the performance of a specific equity security, equity index or other index. These ELN transactions with SPEs were not consolidated at **December 31, 2023**, **December 31, 2024** or **December 31, 2022** **December 31, 2023**.

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Transferred Assets with Continuing Involvement

\$ in millions	At December 31, 2024			
	RML	CML	U.S. Agency CMO	CLN and Other ¹
SPE assets (UPB) ^{2, 3}	\$ 6,989	\$ 78,232	\$ 18,174	\$ 12,725
Retained interests				
Investment grade	\$ 198	\$ 543	\$ 967	—
Non-investment grade	175	923	—	71
Total	\$ 373	\$ 1,466	\$ 967	\$ 71
Interests purchased in the secondary market³				
Investment grade	\$ 45	\$ 34	\$ 79	—
Non-investment grade	5	24	—	—
Total	\$ 50	\$ 58	\$ 79	—
Derivative assets	\$ —	\$ —	\$ —	\$ 1,408
Derivative liabilities	—	—	—	400

\$ in millions	At December 31, 2023			
	RML	CML	U.S. Agency CMO	CLN and Other ¹
SPE assets (UPB) ^{2, 3}	\$ 4,333	\$ 73,818	\$ 12,083	\$ 12,438
Retained interests				
Investment grade	\$ 149	\$ 653	\$ 460	—
Non-investment grade	83	788	—	69
Total	\$ 232	\$ 1,441	\$ 460	\$ 69
Interests purchased in the secondary market³				
Investment grade	\$ 20	\$ 22	\$ 42	—
Non-investment grade	—	16	—	—
Total	\$ 20	\$ 38	\$ 42	—
Derivative assets	\$ —	\$ —	\$ —	\$ 1,073
Derivative liabilities	—	—	—	426

\$ in millions	At December 31, 2022				Fair Value at December 31, 2024			
	RML	CML	U.S. Agency CMO	CLN and Other ¹	\$ in millions	Level 2	Level 3	Total
SPE assets (UPB) ^{2, 3}								
Retained interests								
Investment grade								
Investment grade								
Investment grade								
Non-investment grade								
Total								
Interests purchased in the secondary market³								
Investment grade								
Non-investment grade								
Total								
Derivative assets								
Derivative liabilities								

\$ in millions	Fair Value at December 31, 2023		
	Level 2	Level 3	Total
Retained interests			
Investment grade	\$ 576	\$ —	\$ 576

Non-investment grade		10	56	66
Total	\$	586 \$	56 \$	642
Interests purchased in the secondary markets				
Investment grade	\$	77 \$	7 \$	84
Non-investment grade		12	4	16
Total	\$	89 \$	11 \$	100
Derivative assets	\$	1,073 \$	— \$	1,073
Derivative liabilities		426	—	426

\$ in millions	Fair Value at December 31, 2022			Total
	Level 2	Level 3		
Retained interests				
Investment grade	\$	489 \$	— \$	489
Non-investment grade		25	16	41
Total	\$	514 \$	16 \$	530
Interests purchased in the secondary markets				
Investment grade	\$	140 \$	3 \$	143
Non-investment grade		42	16	58
Total	\$	182 \$	19 \$	201
Derivative assets	\$	1,114 \$	— \$	1,114
Derivative liabilities		153	48	201

RML—Residential mortgage loans
CML—Commercial mortgage loans

1. Amounts include CLO transactions managed by unrelated third parties.
2. Amounts include assets transferred by unrelated transferors.
3. Amounts include transactions where the Firm also holds retained interests as part of the transfer.

The previous tables include transactions with SPEs in which the Firm, acting as principal, transferred financial assets with

Notes to Consolidated Financial Statements



continuing involvement and received sales treatment. The transferred assets are carried at fair value prior to securitization, and any changes in fair value are recognized in the income statement. The Firm may act as underwriter of the beneficial interests issued by these securitization vehicles, for which Investment banking revenues are recognized. The Firm may retain interests in the securitized financial assets as one or more tranches of the securitization. Certain retained interests are carried at fair value in the balance sheet with changes in fair value recognized in the income statement. Fair value for these interests is measured using techniques that are consistent with the valuation techniques applied to the Firm's major categories of assets and liabilities as described in Notes 2 and 4. Further, as permitted by applicable guidance, certain transfers of assets where the Firm's only continuing involvement is a derivative are only reported in the following Assets Sold with Retained Exposure table.

Proceeds from New Securitization Transactions and Sales of Loans

\$ in millions	\$ in millions	2023	2022	2021	\$ in millions	2024	2023	2022
New transactions:								
Retained interests								
Sales of corporate loans to CLO SPEs ^{1, 2}								

1. Net gains on new transactions and sales of corporate loans to CLO entities at the time of the sale were not material for all periods presented.
2. Sponsored by non-affiliates.

The Firm has provided, or otherwise agreed to be responsible for, representations and warranties regarding certain assets transferred in securitization transactions sponsored by the Firm (see Note 14).

Assets Sold with Retained Exposure

	At		At	
	December 31,	December 31,	December 31,	December 31,
<i>\$ in millions</i>	<i>\$ in millions</i>	<i>\$ in millions</i>	<i>\$ in millions</i>	<i>\$ in millions</i>
Gross cash proceeds from sale of assets:				
Fair value				
Assets sold				
Assets sold				
Assets sold				
Derivative assets recognized in the balance sheet				
Derivative liabilities recognized in the balance sheet				

1. The carrying value of assets derecognized at the time of sale approximates gross cash proceeds.

The Firm enters into transactions in which it sells securities, primarily equities, and contemporaneously enters into bilateral OTC derivatives with the purchasers of the securities, through which it retains exposure to the sold securities.

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16. Regulatory Requirements

Regulatory Capital Framework

The Firm is an FHC under the Bank Holding Company Act of 1956, as amended, and is subject to the regulation and oversight of the Board of Governors of the Federal Reserve System ("Federal Reserve"). The Federal Reserve establishes capital requirements for the Firm, including "well-capitalized" standards, and evaluates the Firm's compliance with such capital requirements. The OCC establishes similar capital requirements and standards for the Firm's U.S. bank subsidiaries, including, among others, MSBNA and MSPBNA (together, "U.S. Bank Subsidiaries"). The regulatory capital requirements are largely based on the Basel III capital standards established by the Basel Committee on Banking Supervision and also implement certain provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act. In addition, many of the Firm's regulated subsidiaries are subject to regulatory capital requirements, including regulated subsidiaries registered as swap dealers with the CFTC or conditionally registered as security-based swap dealers with the SEC or registered as broker-dealers or futures commission merchants.

Regulatory Capital Requirements

The Firm is required to maintain minimum risk-based and leverage-based capital ratios under regulatory capital requirements. A summary of the calculations of regulatory capital and RWA follows.

Risk-Based Regulatory Capital. Risk-based capital ratio requirements apply to Common Equity Tier 1 ("CET1") capital, Tier 1 capital and Total capital (which includes Tier 2 capital), each as a percentage of RWA, and consist of regulatory minimum required ratios plus the Firm's capital buffer requirement. Capital requirements require certain adjustments to, and deductions from, capital for purposes of determining these ratios.

CECL Deferral. Beginning on January 1, 2020, the Firm elected to defer the effect of the adoption of CECL on its risk-based and leverage-based capital amounts and ratios, as well as RWA, adjusted average assets and supplementary leverage exposure calculations, over a five-year transition period. The deferral impacts began to phase in at 25% per year from January 1, 2022 and ~~are~~ ~~were~~ phased-in at 50% 75% from January 1, 2023 January 1, 2024. The deferral impacts ~~will~~ ~~become~~ ~~were~~ fully phased-in ~~beginning on~~ ~~from~~ January 1, 2025.

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Capital Buffer Requirements

	At December 31, 2023
	At December 31, 2023
	At December 31, 2023
	At December 31, 2024
	At December 31, 2024
	At December 31, 2024
	Standardized
	Standardized
	Standardized

Capital buffers
Capital buffers
Capital buffers
Capital conservation buffer
Capital conservation buffer
Capital conservation buffer
SCB
SCB
SCB
G-SIB capital surcharge
G-SIB capital surcharge
G-SIB capital surcharge
CCyB ₁
CCyB ₁
CCyB ₁
Capital buffer requirement
Capital buffer requirement
Capital buffer requirement

1. The CCyB can be set up to 2.5% but is currently set by the Federal Reserve at zero.

The capital buffer requirement represents the amount of **Common Equity Tier 1 CET1** capital the Firm must maintain above the minimum risk-based capital requirements in order to avoid restrictions on the Firm's ability to make capital distributions, including the payment of dividends and the repurchase of stock, and to pay discretionary bonuses to executive officers. The Firm's capital buffer requirement computed under the standardized approaches for calculating credit risk and market risk RWA ("Standardized Approach") is equal to the sum of the SCB, G-SIB capital surcharge and CCyB, and the capital buffer requirement computed under the applicable advanced approaches for calculating credit risk, market risk and operational risk RWA ("Advanced Approach") is equal to the sum of the 2.5% capital conservation buffer, G-SIB capital surcharge and CCyB.

Risk-Based Regulatory Capital Ratio Requirements

	At December 31, 2023	At December 31, 2024
	At December 31, 2023	At December 31, 2024

	At December 31, 2023	At December 31, 2024
Regulatory Minimum		
Regulatory Minimum	Regulatory Minimum	
Standardized	Standardized	
Standardized		

Required ratios:

Required ratios:

Required ratios:

Common Equity Tier 1 capital ratio
Common Equity Tier 1 capital ratio
Common Equity Tier 1 capital ratio
CET1 capital ratio
CET1 capital ratio
CET1 capital ratio
Tier 1 capital ratio
Tier 1 capital ratio
Tier 1 capital ratio
Total capital ratio
Total capital ratio
Total capital ratio

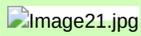
1. Required ratios represent the regulatory minimum plus the capital buffer requirement.

Risk-Weighted Assets

RWA reflects both the Firm’s on- and off-balance sheet risk, as well as capital charges attributable to the risk of loss arising from the following:

- Credit Risk: The failure of a borrower, counterparty or issuer to meet its financial obligations to the Firm;
- Market Risk: Adverse changes in the level of one or more market prices, rates, indices, volatilities, correlations or other market factors, such as market liquidity; and
- Operational Risk: Inadequate or failed processes or systems from human factors or from external events (e.g., fraud, theft, legal and compliance risks, cyberattacks or damage to physical assets).

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The Firm’s risk-based capital ratios are computed under both (i) the Standardized Approach and (ii) the Advanced Approach. The credit risk RWA calculations between the two approaches differ in that the Standardized Approach requires calculation of RWA using prescribed risk weights, whereas the Advanced Approach utilizes models to calculate exposure amounts and risk weights. At **December 31, 2023** **December 31, 2024** and **December 31, 2022** **December 31, 2023**, the differences between the actual and required ratio were lower under the Standardized Approach.

Leverage-Based Regulatory Capital. Leverage-based capital requirements include a minimum Tier 1 leverage ratio of 4%, a minimum SLR of 3% and an enhanced SLR capital buffer of at least 2%.

The Firm’s Regulatory Capital and Capital Ratios

\$ in millions	Required Ratio:	At December 31, 2023	Required Ratio:	At December 31, 2022

U.S. Bank Subsidiaries’ Regulatory Capital and Capital Ratios

The OCC establishes capital requirements for the U.S. Bank Subsidiaries, and evaluates their compliance with such capital requirements. Regulatory capital requirements for the U.S. Bank Subsidiaries are calculated in a similar manner to the Firm’s regulatory capital requirements, although G-SIB capital surcharge and SCB requirements do not apply to the U.S. Bank Subsidiaries.

The OCC’s regulatory capital framework includes Prompt Corrective Action (“PCA”) standards, including “well-capitalized” PCA standards that are based on specified regulatory capital ratio minimums. For the Firm to remain an

Risk-based capital				
Common Equity Tier 1 capital	\$	69,448	\$	68,670
Tier 1 capital		78,183		77,191
Total capital		88,874		86,575
Total RWA		456,053		447,849
Common Equity Tier 1 capital ratio	12.9 %	15.2 %	13.3 %	15.3 %
Tier 1 capital ratio	14.4 %	17.1 %	14.8 %	17.2 %
Total capital ratio	16.4 %	19.5 %	16.8 %	19.3 %

Risk-based capital

\$ in millions	Required Ratio ¹	At December 31, 2023	At December 31, 2022
Leverage-based capital			
Adjusted average assets ²	\$	1,159,626	\$ 1,150,772
Tier 1 leverage ratio	4.0 %	6.7 %	6.7 %
Supplementary leverage exposure ³	\$	1,429,552	\$ 1,399,403
SLR	5.0 %	5.5 %	5.5 %

Standardized			
\$ in millions	At December 31, 2024		At December 31, 2023
Risk-based capital			
CET1 capital	\$	75,095	\$ 69,448
Tier 1 capital		84,790	78,183
Total capital		95,567	88,874
Total RWA		471,834	456,053
Risk-based capital ratio			
CET1 capital		15.9 %	15.2 %
Tier 1 capital		18.0 %	17.1 %
Total capital		20.3 %	19.5 %
Required ratios			
CET1 capital		13.5 %	12.9 %
Tier 1 capital		15.0 %	14.4 %
Total capital		17.0 %	16.4 %

1. Required ratios are inclusive of any buffers applicable as of the date presented.

Leveraged-based capital

\$ in millions	At December 31, 2024		At December 31, 2023
Leveraged-based capital			
Adjusted average assets ¹	\$	1,223,779	\$ 1,159,626
Supplementary leverage exposure ²		1,517,687	1,429,552
Leveraged-based capital ratio			
Tier 1 leverage		6.9 %	6.7 %
SLR		5.6 %	5.5 %
Required ratios			
Tier 1 leverage		4.0 %	4.0 %
SLR		5.0 %	5.0 %

2 1. Adjusted average assets represents the denominator of the Tier 1 leverage ratio and is composed of the average daily balance of consolidated on-balance sheet assets for the quarters ending on the respective balance sheet dates, reduced by disallowed goodwill, intangible assets, investments in covered funds, defined benefit pension plan assets, after-tax gain on sale from assets sold into securitizations, investments in the Firm's own capital instruments, certain defined deferred tax assets and other capital deductions.

3 2. Supplementary leverage exposure is the sum of Adjusted average assets used in the Tier 1 leverage ratio and other adjustments, primarily: (i) for derivatives, potential future exposure and the effective notional principal amount of sold credit protection offset by qualifying purchased credit protection; (ii) the counterparty credit risk for repo-style transactions; and (iii) the

credit equivalent amount for off-balance sheet exposures.

3. Required ratios are inclusive of any buffers applicable as of the date presented.

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FHC, its U.S. Bank Subsidiaries must remain well-capitalized in accordance with the OCC's PCA standards. In addition, failure by the U.S. Bank Subsidiaries to meet minimum capital requirements may result in certain mandatory and discretionary actions by regulators that, if undertaken, could have a direct material effect on the U.S. Bank Subsidiaries' and the Firm's financial statements.

At December 31, 2023, December 31, 2024 and December 31, 2022, MSBNA and MSPBNA risk-based capital ratios are based on the Standardized Approach rules. Beginning on January 1, 2020, MSBNA and MSPBNA elected to defer the effect of the adoption of CECL on risk-based capital amounts and ratios, as well as RWA, adjusted average assets and supplementary leverage exposure calculations, over a five-year transition period. The deferral impacts began to phase in at 25% per year from January 1, 2022 and were phased-in at 50% 75% from January 1, 2023, January 1, 2024. The deferral impacts will become fully phased-in beginning on January 1, 2025.

MSBNA's Regulatory Capital

	At December 31, 2023			At December 31, 2022			At December 31, 2024		
	Requirement	Amount	Ratio	Requirement	Amount	Ratio	Requirement	Amount	Ratio
Well-Capitalized									
Well-Capitalized									
Required									
Well-Capitalized									

Risk-based capital

Common Equity Tier 1 capital	6.5	%	7.0	\$	21,925	21.7	%	\$	20,043	20.5	%
Common Equity Tier 1 capital	6.5	%	7.0	\$	21,925	20.1	%	\$	21,925	21.7	%
Tier 1 capital	8.0	%	8.5	\$	21,925	21.7	%	\$	20,043	20.5	%
Tier 1 capital	8.0	%	8.5	\$	21,925	20.1	%	\$	21,925	21.7	%
Total capital	10.0	%	10.5	\$	22,833	22.6	%	\$	20,694	21.1	%
Total capital	10.0	%	10.5	\$	22,833	20.9	%	\$	22,993	20.9	%

Leverage-based capital

Tier 1 leverage	5.0	%	4.0	\$	21,925	10.6	%	\$	20,043	10.1	%
Tier 1 leverage	5.0	%	4.0	\$	21,925	9.7	%	\$	21,925	10.6	%
SLR	6.0	%	3.0	\$	21,925	8.2	%	\$	20,043	8.1	%
SLR	6.0	%	3.0	\$	21,925	7.4	%	\$	21,925	8.2	%

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MSPBNA's Regulatory Capital

	At December 31, 2023				At December 31, 2022				At December 31, 2024			
	Well-Capitalized	Well-Capitalized	Required	Ratio	Well-Capitalized	Well-Capitalized	Required	Ratio	Well-Capitalized	Well-Capitalized	Required	Ratio
\$ in millions	Requirement	\$ in millions	Amount	Ratio	\$ in millions	Amount	Ratio	\$ in millions	Amount	Ratio	Requirement	Ratio
Risk-based capital												
Common Equity Tier 1 capital												
Common Equity Tier 1 capital												
Common Equity Tier 1 capital	6.5	% 7.0	\$ 15,388	25.8	% 25.8	\$ 15,546	27.5	10.0	% 10.5	\$ 17,004	26.6	26.3
CET1 capital	6.5	% 7.0	\$ 16,672	26.1	% 26.1	\$ 15,388	25.8	10.0	% 10.5	\$ 16,672	26.1	26.3
Tier 1 capital	8.0	% 8.5	\$ 15,388	25.8	% 25.8	\$ 15,546	27.5	10.0	% 10.5	\$ 16,672	26.1	26.3
Total capital	10.0	% 10.5	\$ 15,675	26.3	% 26.3	\$ 15,695	27.8	10.0	% 10.5	\$ 17,004	26.6	26.3

Leverage-based capital

Leverage-based capital

Leverage-based capital

Tier 1 leverage

Tier 1 leverage

Tier 1 leverage	5.0	% 4.0	\$ 15,388	7.5	% 7.5	\$ 15,546	7.6	5.0	% 4.0	\$ 16,672	7.7	7.5
SLR	6.0	% 3.0	\$ 15,388	7.2	% 7.2	\$ 15,546	7.4	6.0	% 3.0	\$ 16,672	7.5	7.2

1. Required ratios are inclusive of any buffers applicable as of the date presented. Failure to maintain the buffers would result in restrictions on the ability to make capital distributions, including the payment of dividends.

Additionally, MSBNA is conditionally registered with the SEC as a security-based swap dealer and is registered with the CFTC as a swap dealer. However, as MSBNA is prudentially regulated as a bank, its capital requirements continue to be determined by the OCC.

Other Regulatory Capital Requirements

MS&Co. Regulatory Capital

	At December 31, 2023		At December 31, 2022		At December 31, 2024		At December 31, 2023	
\$ in millions	Requirement	Amount	Requirement	Amount	Requirement	Amount	Requirement	Amount
Net capital								
Excess net capital								

MS&Co. is registered as a broker-dealer and a futures commission merchant with the SEC and the CFTC, respectively, and is registered as a swap dealer with the CFTC.

As an Alternative Net Capital broker-dealer, and in accordance with Securities Exchange Act of 1934 ("Exchange Act") Rule 15c3-1, Appendix E, MS&Co. is subject to minimum net capital and tentative net capital requirements and operates with capital in excess of its regulatory capital requirements. As a futures commission merchant and registered swap dealer, MS&Co. is subject to CFTC capital requirements. In addition, MS&Co. must notify the SEC if its tentative net capital falls below certain levels. At **December 31, 2023**, **December 31, 2024** and **December 31, 2022**, MS&Co. exceeded its net capital requirement and had tentative net capital in excess of the minimum and notification requirements.

Other Regulated Subsidiaries

Certain other subsidiaries are also subject to various regulatory capital requirements. Such subsidiaries include the following, each of which operated with capital in excess of their respective regulatory capital requirements as of **December 31, 2023** **December 31, 2024** and **December 31, 2022** **December 31, 2023**, as applicable:

- MSSB, a registered U.S. broker-dealer and introducing broker for the futures business, is subject to, respectively, the minimum net capital requirements of the SEC and CFTC.
 - MSIP, a London-based broker-dealer subsidiary, is subject to the capital requirements of the Prudential Regulation Authority ("PRA"). MSIP is also conditionally registered with the SEC as a security-based swap dealer and registered with the CFTC as a swap dealer. It currently complies with home-country capital requirements in lieu of SEC and CFTC capital requirements pursuant to applicable substituted compliance rules and interim no-action relief, respectively, rules.
 - Morgan Stanley Europe Holdings SE Group ("MSEHSE Group"), including MSESE, a Germany-based broker-dealer, is subject to the capital requirements of the European Central Bank, BaFin and the German Central Bank. MSESE is also conditionally registered with the SEC as a security-based swap dealer and registered with the CFTC as a swap dealer. It currently complies with home-country capital requirements in lieu of SEC and CFTC capital requirements pursuant to applicable substituted compliance rules and interim no-action relief, respectively, rules.
- MSMS, a Tokyo-based broker-dealer subsidiary, is subject to the capital requirements of the Financial Services

Notes to Consolidated Financial Statements



Agency. MSMS is also registered with the CFTC as a swap dealer but is currently complying with home-country capital requirements in lieu of CFTC capital requirements pursuant to **interim no-action relief, applicable substituted compliance rules.**

- MSCS, a U.S. entity and the Firm's primary non-bank security-based swap dealer, is conditionally registered with the SEC as a security-based swap dealer, registered with the SEC as an OTC derivatives dealer and registered with the CFTC as a swap dealer. MSCS is subject to the capital requirements of both regulators.
- MSCG, a U.S. entity, is registered with the CFTC as a swap dealer and is subject to its capital requirements.

Certain other U.S. and non-U.S. subsidiaries of the Firm are subject to various securities, commodities and banking regulations, and capital adequacy requirements promulgated by the regulatory and exchange authorities of the countries in which they operate. These subsidiaries have also consistently operated with capital in excess of their local capital adequacy requirements.

Restrictions on Payments

The regulatory capital requirements referred to above, and certain covenants contained in various agreements governing indebtedness of the Firm, may restrict the Firm's ability to withdraw capital from its subsidiaries. The following table represents net assets of consolidated subsidiaries that may be restricted as to the payment of cash dividends and advances to the Parent Company.

	At		At	
	December 31, 2023	December 31, 2022	December 31, 2024	December 31, 2023
<i>\$ in millions</i>	<i>\$ in millions</i>		<i>\$ in millions</i>	
Restricted net assets				

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17. Total Equity

Morgan Stanley Shareholders' Equity

Preferred Stock

	Shares				Shares				
	Outstanding		Carrying Value		Outstanding		Carrying Value		
	At	Liquidation	At	At	At	Liquidation	At	At	
<i>\$ in millions, except per share data</i>	December 31,	Preference	December 31,	December 31,	<i>\$ in millions, except per share data</i>	December 31,	Preference	December 31,	December 31,
	2023	per Share	2023	2022		2024	per Share	2024	2023
Series									
A									
A									
A									
C ₁									
E									
F									
I									
K									
L									
M									
N									
O									
P									
Q									
Total									
Shares authorized									

1. Series C preferred stock is held by MUFG.

The Firm's preferred stock has a preference over its common stock upon liquidation. The Firm's preferred stock qualifies as and is included in Tier 1 capital in accordance with regulatory capital requirements (see Note 16).

Description of Preferred Stock as of **December 31, 2023** **December 31, 2024**

Series ¹	Depository				Redemption		Depository				Redemption					
	Series ¹	Shares Issued	Shares per Share	Price per Share ²	Price per Share ²	Date ⁴	Series ^{1, 2}	Shares per Share	Price per Share ³	Date ⁴	Price per Share ³	Date ⁴				
A	A	44,000	1,000	1,000	\$ 25,000	Currently redeemable	Currently redeemable	A	44,000	1,000	1,000	25,000	Currently redeemable	Currently redeemable		
C ₅	C ₅	1,160,791	N/A	N/A	1,100	Currently redeemable	Currently redeemable	C ₅	1,160,791	N/A	N/A	1,100	Currently redeemable	Currently redeemable		
E	E	34,500	1,000	1,000	25,000	25,000	Currently redeemable	Currently redeemable	E	34,500	1,000	1,000	25,000	25,000	Currently redeemable	Currently redeemable
F	F	34,000	1,000	1,000	25,000	25,000	January 15, 2024	January 15, 2024	F	34,000	1,000	1,000	25,000	25,000	Currently redeemable	Currently redeemable
I	I	40,000	1,000	1,000	25,000	25,000	October 15, 2024	October 15, 2024	I	40,000	1,000	1,000	25,000	25,000	Currently redeemable	Currently redeemable
K	K	40,000	1,000	1,000	25,000	25,000	April 15, 2027	April 15, 2027	K	40,000	1,000	1,000	25,000	25,000	April 15, 2027	April 15, 2027
L	L	20,000	1,000	1,000	25,000	25,000	January 15, 2025	January 15, 2025	L	20,000	1,000	1,000	25,000	25,000	January 15, 2025	January 15, 2025
M	M	400,000	N/A	N/A	1,000	September 15, 2026	September 15, 2026	M	400,000	N/A	N/A	1,000	September 15, 2026	September 15, 2026		
N	N	3,000	100	100	100,000	100,000	October 2, 2025	October 2, 2025	N	3,000	100	100	100,000	100,000	October 2, 2025	October 2, 2025
O ₆		52,000	1,000	1,000	25,000	25,000	January 15, 2027									
P ₇		40,000	1,000	1,000	25,000	25,000	October 15, 2027									
O		52,000	1,000	1,000	25,000	25,000	January 15, 2027									
P ₆		40,000	1,000	1,000	25,000	25,000	October 15, 2027									
Q ₇		40,000	1,000	1,000	25,000	25,000	October 15, 2029									

- All shares issued are non-cumulative. Each share has a par value of \$0.01, except Series C, \$0.01.
- Dividends on Series A are based on a floating rate, and dividends on Series C, L, O, P and Q are based on a fixed rate. Dividends on all other Series are based on a fixed-to-floating rate.
- Series A and C are redeemable at the redemption price plus accrued and unpaid dividends, regardless of whether dividends are actually declared, up to but excluding the date of redemption. All other Series are redeemable at the redemption price plus any declared and unpaid dividends, up to but excluding the date fixed for redemption.
- Series A and C are currently redeemable at the Firm's option, in whole or in part, from time to time. Series E, F and I are currently redeemable, and all other Series are redeemable, at the Firm's option (i) in whole or in part, from time to time, on any dividend payment date on or after the redemption date or (ii) in whole but not in part at any time within 90 days following a regulatory capital treatment event (as described in the terms of that series).
- Series C is non-voting perpetual preferred stock. Dividends on the Series C preferred stock are payable, on a non-cumulative basis, as and if declared by the Board of Directors, in cash, at the rate of 10% per annum of the liquidation preference of \$1,000 per share.
- The Firm issued Series O P Preferred Stock on October 25, 2021 August 2, 2022.
- The Firm issued Series P Q Preferred Stock on August 2, 2022 July 30, 2024.

Notes to Consolidated Financial Statements



Common Stock

Rollforward of Common Stock Outstanding

<i>in millions</i>	<i>in millions</i>	2023	2022	<i>in millions</i>	2024	2023
Shares outstanding at beginning of period						
Treasury stock purchases:						
Other:						
Other:						
Other:						
Shares outstanding at end of period						

- The Firm's Board of Directors has authorized the repurchase of the Firm's outstanding stock under a share repurchase program ("Share Repurchase Program"). In addition to the Firm's Share Repurchase Program, Treasury stock purchases include repurchases of common stock for employee tax withholding.
- Other includes net shares issued to and forfeited from employee stock trusts and issued for RSU conversions.

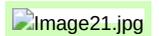
Share Repurchases

<i>\$ in millions</i>	<i>\$ in millions</i>	2023	2022	<i>\$ in millions</i>	2024	2023
Repurchases of common stock under the Firm's Share Repurchase Program						

On June 30, 2023 and June 28, 2024, the Firm announced that its Board of Directors reauthorized a multi-year repurchase program of up to \$20 billion of outstanding common stock (the "Share Repurchase Authorization"), without a set expiration date, beginning in the third quarter of 2023, 2024, which will be exercised from time to time as conditions warrant.

Pursuant to the Share Repurchase Program, the Firm considers, among other things, business segment capital needs, as well as stock-based compensation and benefit plan

Notes to Consolidated Financial Statements



requirements. Share repurchases under the program will be exercised from time to time at prices the Firm deems appropriate subject to various factors, including the Firm's capital position and market conditions. The share repurchases may be effected through open market purchases or privately negotiated transactions, including through Rule 10b5-1 plans, and may be suspended at any time.

Common Shares Outstanding for Basic and Diluted EPS

<i>in millions</i>	<i>in millions</i>	2023	2022	2021	<i>in millions</i>	2024	2023	2022
Weighted average common shares outstanding, basic								
Effect of dilutive RSUs and PSUs								
Weighted average common shares outstanding and common stock equivalents, diluted								
Weighted average antidilutive common stock equivalents (excluded from the computation of diluted EPS)								

Dividends

	\$ in millions, 2023				2022				2021				\$ in millions, 2024				2023				2022			
	per share		Per		per share		Per																	
share data	data	Share:	Total	Share:	Total	Share:	Total	Share:	Total	Share:	Total	Share:	Total											
Preferred Stock Series																								
A																								
A																								
A																								
C																								
E																								
F																								
H ₂																								
I																								
J																								
K																								
L																								
M ₃																								
N ₄																								
M ₂																								
N ₃																								
O																								
P																								
Q																								
Total																								
Preferred stock																								
Common stock																								

1. Common and Preferred Stock dividends are payable quarterly unless otherwise noted.
2. A notice of redemption was issued for Series H preferred stock on November 19, 2021. Dividends declared on Series H following the issuance of the notice of redemption were recognized as Interest expense and are excluded from the 2021 amounts.
3. Series M is payable semiannually until September 15, 2026 and thereafter will be payable quarterly.
4. 3. Series N was payable semiannually until March 15, 2023 and thereafter is payable quarterly.

Accumulated Other Comprehensive Income (Loss)¹

\$ in millions	AFS							Pension							
	\$ in millions	CTA	Securities	and Other	DVA	Cash Flow Hedges	Total	\$ in millions	CTA	Securities	and Other	DVA	Cash Flow Hedges	Total	
December 31, 2020															
OCI during the period															
December 31, 2021															
OCI during the period															
December 31, 2022															
OCI during the period															
December 31, 2023															
OCI during the period															
December 31, 2024															

CTA—Cumulative foreign currency translation adjustments

1. Amounts are net of tax and noncontrolling interests.

Notes to Consolidated Financial Statements



Components of Period Changes in OCI

	2023						2024					
	Pre-tax		After-tax		Non-controlling Interests	Net	Pre-tax		After-tax		Non-controlling Interests	Net
	Gain	Tax Benefit	Gain	Tax Benefit			Gain	Tax Benefit	Gain	Tax Benefit		
\$ in millions	\$ in millions	(Loss)	(Provision)	(Loss)	(Loss)	\$ in millions	(Loss)	(Provision)	(Loss)	(Loss)	(Loss)	\$ in millions

CTA
 OCI activity
 Reclassified to earnings
Net OCI

Change in net unrealized gains (losses) on AFS securities
 OCI activity
 OCI activity
 OCI activity
 Reclassified to earnings
Net OCI

Pension and other
 OCI activity
 Reclassified to earnings
Net OCI

Change in net DVA
 OCI activity
 Reclassified to earnings
Net OCI

Change in fair value of cash flow hedge derivatives
 OCI activity
 Reclassified to earnings
Net OCI

	2022						2023					
	Pre-tax		After-tax		Non-controlling Interests	Net	Pre-tax		After-tax		Non-controlling Interests	Net
	Gain	Income Tax Benefit	Gain	Income Tax Benefit			Gain	Income Tax Benefit	Gain	Income Tax Benefit		
\$ in millions	\$ in millions	(Loss)	(Provision)	(Loss)	(Loss)	\$ in millions	(Loss)	(Provision)	(Loss)	(Loss)	(Loss)	\$ in millions

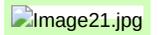
CTA
 OCI activity
 Reclassified to earnings
Net OCI
Change in net unrealized gains (losses) on AFS securities

OCI activity
Reclassified to earnings
Net OCI
Pension and other
OCI activity
Reclassified to earnings
Net OCI
Change in net DVA
OCI activity
Reclassified to earnings
Net OCI
Change in fair value of cash flow hedge derivatives
OCI activity
Reclassified to earnings
Net OCI

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	2021						2022					
	\$ in millions	Pre-tax	Income Tax Benefit (Provision)	After-tax	Non-	Net	\$ in millions	Pre-tax	Income Tax Benefit (Provision)	After-tax	Non-	Net
		(Loss)		Gain	controlling			Gain		controlling	(Loss)	
\$ in millions	\$ in millions	(Loss)	Income Tax Benefit (Provision)	(Loss)	Interests	Net	\$ in millions	(Loss)	Income Tax Benefit (Provision)	(Loss)	Interests	Net

CTA
OCI activity
Reclassified to earnings
Net OCI
Change in net unrealized gains (losses) on AFS securities
OCI activity
Reclassified to earnings
Net OCI
Pension and other
OCI activity
Reclassified to earnings
Net OCI
Change in net DVA
OCI activity
Reclassified to earnings
Net OCI
Change in fair value of cash flow hedge derivatives
OCI activity
Reclassified to earnings
Net OCI

Cumulative Foreign Currency Translation Adjustments

\$ in millions	At	At	At	At
	December 31, 2023	December 31, 2022	December 31, 2024	December 31, 2023
\$ in millions	2023	2022	2024	2023

Associated with net investments in subsidiaries with a non-U.S. dollar functional currency
Hedges, net of tax
Total
Carrying value of net investments in non-U.S. dollar functional currency subsidiaries subject to hedges

Cumulative foreign currency translation adjustments include gains or losses resulting from translating foreign currency financial statements from their respective functional currencies to U.S. dollars, net of hedge gains or losses and related tax effects. The Firm uses foreign currency contracts to manage the currency exposure relating to its net investments in non-U.S. dollar functional currency subsidiaries and determines the amount of exposure to hedge on a pre-tax basis. The Firm may also elect not to hedge its net investments in certain foreign operations due to market conditions or other reasons, including the availability of various currency contracts at acceptable costs. Information relating to the effects on cumulative foreign currency translation adjustments that resulted from the translation of foreign currency financial statements and from gains and losses from hedges of the Firm's net investments in non-U.S. dollar functional currency subsidiaries is summarized in the previous table.

Notes to Consolidated Financial Statements



18. Interest Income and Interest Expense

\$ in millions	\$ in millions	2023	2022	2021	\$ in millions	2024	2023	2022
Interest income								
Cash and cash equivalents:								
Cash and cash equivalents:								
Cash and cash equivalents:								
Investment securities								
Loans								
Securities purchased under agreements to resell:								
Securities borrowed:								
Trading assets, net of Trading liabilities								
Customer receivables and Other:								
Customer receivables and Other ^{1,4}								
Total interest income								
Interest expense								
Deposits								
Deposits								
Deposits								
Borrowings								
Securities sold under agreements to repurchase ⁴								
Securities loaned:								
Customer payables and Other ⁶								
Securities sold under agreements to repurchase ⁵								
Securities loaned:								
Customer payables and Other ^{4,7}								
Total interest expense								
Net interest								

- In the fourth quarter of 2023, interest-bearing Cash and cash equivalents and related interest were presented separately for the first time. The prior period year amounts for Customer receivables and Other have been disaggregated to exclude Cash and cash equivalents to align with the current presentation.
- Includes interest paid on Securities purchased under agreements to resell.
- Includes fees paid on Securities borrowed.
- Certain prior-period amounts have been adjusted to conform with the current-period presentation. This adjustment resulted in a decrease to both interest income and interest expense of \$4,432 million for the year ended December 31, 2023, and no effect on net interest income, with the entire impact to the Firm recorded within the Institutional Securities segment. See Note 2 for additional information.

5. Includes interest received on Securities sold under agreements to repurchase.

6. Includes fees received on Securities loaned.

7. Includes fees received from Equity Financing customers related to their short transactions, which can be under either margin or securities lending arrangements.

Interest income and Interest expense are classified in the income statement based on the nature of the instrument and related market conventions. When included as a component of the instrument's fair value, interest is included within Trading revenues or Investments revenues. Otherwise, it is included within Interest income or Interest expense.

Accrued Interest

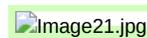
\$ in millions	At December 31, 2023		At December 31, 2022	
	\$ in millions		\$ in millions	
Customer and other receivables				
Customer and other payables				

19. Deferred Compensation Plans and Carried Interest Compensation

Stock-Based Compensation Plans

Certain current and former employees of the Firm participate in the Firm's stock-based compensation plans. These plans include RSUs, PSUs and an ESPP.

Notes to Consolidated Financial Statements



Stock-Based Compensation Expense

\$ in millions	\$ in millions	2023	2022	2021	\$ in millions	2024	2023	2022
RSUs								
PSUs								
ESPP								
Total								
Retirement-eligible awards ¹								
Retirement-eligible awards ¹								
Retirement-eligible awards ¹								

1. Total expense includes stock-based compensation anticipated to be awarded in January of the following year that does not contain a future service requirement.

Tax Benefit Related to Stock-Based Compensation Expense

\$ in millions	\$ in millions	2023	2022	2021	\$ in millions	2024	2023	2022
Tax benefits								

1. Excludes income tax consequences related to employee share-based award conversions.

Unrecognized Compensation Cost Related to Stock-Based Awards Granted

\$ in millions	At December 31, 2023 ¹		At December 31, 2024 ¹	
	\$ in millions		\$ in millions	
To be recognized in:				
2024				
2024				
2024				
2025				
2025				
2025				
2026				
Thereafter				

Total

1. Amounts do not include forfeitures or 2023 2024 performance year compensation awarded in January 2024, 2025 which will begin to be amortized in 2024, 2025.

In connection with awards under its stock-based compensation plans, the Firm is authorized to issue shares of common stock held in treasury or newly issued shares.

The Firm generally uses treasury shares, if available, to deliver shares to employees or employee stock trusts and has an ongoing repurchase authorization that includes repurchases in connection with awards under its stock-based compensation plans.

Common Shares Available for Future Awards under Stock-Based Compensation Plans

in millions	At December 31,	
	2023	2024
Shares		121,109

See Note 17 for additional information on the Firm's Share Repurchase Program.

Restricted Stock Units

RSUs are subject to vesting over time, generally one to seven years from the date of award, contingent upon continued employment and subject to restrictions on sale, transfer or assignment until conversion to common stock. All or a portion of an award may be forfeited if employment is terminated before the end of the relevant vesting period or canceled after the relevant vesting period in certain situations. Recipients of RSUs may have voting rights, at the Firm's discretion, and generally receive dividend equivalents if the awards vest.

Notes to Consolidated Financial Statements



Vested and Unvested RSU Activity

	2023			2024		
	Weighted Average			Weighted Average		
	shares in millions	Number of Shares	Award Date Fair Value	shares in millions	Number of Shares	Award Date Fair Value
RSUs at beginning of period						
Awarded						
Conversions to common stock						
Forfeited						
RSUs at end of period:						
Aggregate intrinsic value of RSUs at end of period (dollars in millions)						
Weighted average award date fair value						
Weighted average award date fair value						
Weighted average award date fair value						
RSUs awarded in 2023						
RSUs awarded in 2022						
RSUs awarded in 2021						

1. At December 31, 2023 December 31, 2024, the weighted average remaining term until delivery for the outstanding RSUs was approximately 1.1 1.2 years.

Unvested RSU Activity

2023	2024
------	------

shares in millions	shares in millions	Number of Shares	Weighted Average Award Date Fair Value	shares in millions	Number of Shares	Weighted Average Award Date Fair Value
Unvested RSUs at beginning of period						
Awarded						
Vested						
Forfeited						
Unvested RSUs at end of period:						

1. Unvested RSUs represent awards where recipients have yet to satisfy either the explicit vesting terms or retirement-eligible requirements.

Fair Value of RSU Activity:

\$ in millions	\$ in millions	2023	2022	2021	\$ in millions	2024	2023	2022
Conversions to common stock								
Vested								

1. Fair value of converted stock is based on the share price at conversion. Fair value of vested stock is based on the share price at the date of vesting.

Performance-Based Stock Units

PSUs vest and convert to shares of common stock only if the Firm satisfies, over a three-year performance period, performance goals that are determined on the award date. The number of PSUs that may vest ranges from 0% to 150% of the target award, based on the Firm's level of achievement of the specified performance goals. One-half of a PSU award is earned based on the Firm's average return on tangible common equity ("MS Average ROTCE") over the performance period. The other half of a PSU award is earned based on the Firm's total shareholder return, relative to the total shareholder return of the S&P 500 Financials Sector Index ("MS Relative TSR") for awards granted prior to 2023, or for PSU awards granted **in from 2023 onwards** based on the MS Average ROTCE relative to the Return on Tangible Common Equity of each member of the defined comparison group ("MS Relative ROTCE"). PSUs have vesting, conversion and cancellation provisions that are generally similar to those of RSUs. **Dividend equivalents that accrue on these awards are paid in cash when the awards convert.** At **December 31, 2023** **December 31, 2024**, approximately 2.8 million PSUs at target were outstanding.

Notes to Consolidated Financial Statements



PSU Awards - Fair Value on Award Date

	2023	2022	2021
MS Average ROTCE/ Relative ROTCE:	\$ 85.76	\$ 100.12	\$ 74.87
MS Relative TSR	—	102.17	83.70

	2024	2023	2022
MS Average ROTCE/ Relative ROTCE:	\$ 83.86	\$ 85.76	\$ 100.12
MS Relative TSR	—	—	102.17

1. Weighted average price on award date

The MS Relative TSR fair values on the award date were estimated using a Monte Carlo simulation and the following assumptions.

Monte Carlo Simulation Assumptions

Risk-Free Interest Rate	Risk-Free Interest Rate	Expected Stock Price Volatility	Expected Correlation Coefficient	Risk-Free Interest Rate	Expected Stock Price Volatility	Expected Correlation Coefficient
-------------------------	-------------------------	---------------------------------	----------------------------------	-------------------------	---------------------------------	----------------------------------

Award year

2022
2022
2022
2021
2022

The risk-free interest rate was determined based on the yields available on U.S. Treasury zero-coupon issues. The expected stock price volatility was determined using historical volatility. The correlation coefficient was developed based on historical price data of the Firm and the S&P 500 Financials Sector Index. The model uses an expected dividend yield equivalent to reinvesting dividends.

Deferred Cash-Based Compensation Plans

DCP generally provide a return to the plan participants based upon the performance of each participant's referenced investments.

Deferred Cash-Based Compensation Expense

\$ in millions	\$ in millions	2023	2022	2021	\$ in millions	2024	2023	2022
Deferred cash-based awards								
Return on referenced investments								
Total								
Retirement-eligible awards:								
Retirement-eligible awards:								
Retirement-eligible awards:								

1. Total expense includes deferred cash-based compensation anticipated to be awarded in January of the following year that does not contain a future service requirement.

Carried Interest Compensation

The Firm generally recognizes compensation expense for any portion of carried interest (both realized and unrealized) that is allocated to employees.

Carried Interest Compensation Expense

\$ in millions	\$ in millions	2023	2022	2021	\$ in millions	2024	2023	2022
Expense								

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Notes to Consolidated Financial Statements



20. Employee Benefit Plans

Pension Plans

Net Periodic Benefit Expense (Income)

\$ in millions	Pension Plans			Pension Plans				
	\$ in millions	2023	2022	2021	\$ in millions	2024	2023	2022
Service cost, benefits earned during the period								
Interest cost on projected benefit obligation								
Expected return on plan assets								
Net amortization of prior service cost								
Amortization of net gains and losses								
Amortization of net (gains) losses								
Plan settlements								
Net periodic benefit expense								

Certain current and former U.S. employees of the Firm and its U.S. affiliates who were hired before July 1, 2007 are covered by the U.S. pension plan, a non-contributory defined benefit pension plan that is qualified under Section 401(a) of the Internal Revenue Code ("U.S. Qualified Plan"). The U.S. Qualified Plan has ceased future benefit accruals.

Unfunded supplementary plans ("Supplemental Plans") cover certain executives. Liabilities for benefits payable under the Supplemental Plans are accrued by the Firm and are funded when paid. The Morgan Stanley Supplemental Executive Retirement and Excess Plan ("SEREP"), is a non-contributory defined benefit plan that is not qualified under Section 401(a) of the Internal Revenue Code, has ceased future benefit accruals.

Certain of the Firm's non-U.S. subsidiaries also have defined benefit pension plans covering their eligible current and former employees.

The Firm's pension plans generally provide pension benefits that are based on each employee's years of credited service and on compensation levels specified in the plans.

Rollforward of Pre-tax AOCI

Pension Plans	Pension Plans

\$ in millions	\$ in millions	2023	2022	2021	\$ in millions	2024	2023	2022
Beginning balance								
Net gain (loss)								
Amortization of prior service cost								
Amortization of prior service cost								
Amortization of prior service cost								
Amortization of net gains and losses								
Plan settlements and curtailments								
Amortization of net (gains) losses								
Plan settlements, curtailments and amendments								
Changes recognized in OCI								
Ending balance								

The Firm generally amortizes into net periodic benefit expense (income) the unrecognized net gains and losses exceeding 10% of the greater of the projected benefit obligation or the market-related value of plan assets. The U.S. pension plans amortize the unrecognized net gains and losses over the average life expectancy of participants. The remaining plans generally amortize the unrecognized net

gains and losses and prior service credit over the average remaining service period of active participants.

Notes to Consolidated Financial Statements



Weighted Average Assumptions Used to Determine Net Periodic Benefit Expense (Income)

	Pension Plans			Pension Plans				
	2023	2022	2021	2024	2023	2022		
Discount rate	Discount rate	4.93 %	2.80 %	2.43 %	Discount rate	4.75 %	4.93 %	2.80 %
Expected long-term rate of return on plan assets	Expected long-term rate of return on plan assets	3.54 %	1.71 %	1.42 %	Expected long-term rate of return on plan assets	4.18 %	3.54 %	1.71 %

The accounting for pension plans involves certain assumptions and estimates. The expected long-term rate of return for the U.S. Qualified Plan was estimated by computing a weighted average of the underlying long-term expected returns based on the investment managers' target allocations.

Benefit Obligation and Funded Status

Rollforward of the Projected Benefit Obligation and Fair Value of Plan Assets

\$ in millions	\$ in millions	2023	2022	\$ in millions	2024	2023
Rollforward of projected benefit obligation						
Benefit obligation at beginning of year						
Service cost						
Interest cost						
Actuarial (gain) loss:						
Plan settlements						
Plan settlements						
Plan amendments						
Plan settlements						
Benefits paid						
Other:						
Projected benefit obligation at end of year						

Rollforward of fair value of plan assets

Fair value of plan assets at beginning of year
Actual return on plan assets
Employer contributions
Benefits paid
Plan settlements
Other:

Fair value of plan assets at end of year**Funded (unfunded) status****Amounts recognized in the balance sheet**

Assets
Liabilities

Net amount recognized

- Primarily reflects the impact of year-over-year discount rate fluctuations.
- Includes Primarily includes the impact of foreign currency exchange rate changes and plan curtailments, changes.

Accumulated Benefit Obligation

	At		At	
	December 31, 2023	December 31, 2022	December 31, 2024	December 31, 2023
\$ in millions	\$ in millions	\$ in millions	\$ in millions	\$ in millions
Pension plans				

Notes to Consolidated Financial Statements**Pension Plans with Projected Benefit Obligations in Excess of the Fair Value of Plan Assets**

	At		At	
	December 31, 2023	December 31, 2022	December 31, 2024	December 31, 2023
\$ in millions	\$ in millions	\$ in millions	\$ in millions	\$ in millions
Projected benefit obligation				
Accumulated benefit obligation				
Fair value of plan assets				

The pension plans included in the table above may differ based on their funding status as of December 31 of each year.

Weighted Average Assumptions Used to Determine Projected Benefit Obligation

	Pension Plans		Pension Plans	
	At December 31, 2023	At December 31, 2022	At December 31, 2024	At December 31, 2023
Discount rate	4.75 %	4.93 %	5.39 %	4.75 %

The discount rates used to determine the benefit obligation were selected by the Firm, in consultation with its independent actuary. The U.S. pension plans use a pension discount yield curve based on the characteristics of the plans, each determined independently. The pension discount yield curve represents spot discount yields based on duration implicit in a representative broad-based Aa-rated corporate bond universe of high-quality fixed income investments. For all non-U.S. pension plans, the assumed discount rates are based on the nature of liabilities, local economic environments and available bond indices.

Plan Assets

Fair Value of Plan Assets

	At December 31, 2023
	At December 31, 2023
	At December 31, 2023
	At December 31, 2024
	At December 31, 2024
	At December 31, 2024

\$ in millions

\$ in millions

\$ in millions

Assets

Assets

Assets

Cash and cash equivalents

Cash and cash equivalents

Cash and cash equivalents

U.S. government and agency securities

U.S. government and agency securities

U.S. government and agency securities

Corporate and other debt—CDO

Corporate and other debt—CDO

Corporate and other debt—CDO

Derivative contracts

Derivative contracts

Derivative contracts

Other investments

Other investments

Other investments

Other receivables:

Other receivables:

Other receivables:

Total

Total

Total

Assets Measured at NAV

Assets Measured at NAV

Assets Measured at NAV

Commingled trust funds:

Commingled trust funds:

Commingled trust funds:

Money market

Money market

Money market

Foreign funds:

Foreign funds:

Foreign funds:

Fixed income

Fixed income

Fixed income

Liquidity
Liquidity
Liquidity
Targeted cash flow
Targeted cash flow
Targeted cash flow
Total
Total
Total
Liabilities
Liabilities
Liabilities
Other payables:
Other payables:
Other payables:
Total liabilities
Total liabilities
Total liabilities
Fair value of plan assets
Fair value of plan assets
Fair value of plan assets

Notes to Consolidated Financial Statements



\$ in millions	At December 31, 2022					At December 31, 2023				
	\$ in millions	Level 1	Level 2	Level 3	Total	\$ in millions	Level 1	Level 2	Level 3	Total
Assets										
Cash and cash equivalents										
Cash and cash equivalents										
Cash and cash equivalents										
U.S. government and agency securities										
U.S. government and agency securities										
U.S. government and agency securities										
Corporate and other debt—CDO										
Derivative contracts										
Derivative contracts										
Derivative contracts										
Other investments										
Other receivables:										
Total										
Total										
Total										
Assets Measured at NAV										

Commingled trust funds:

Commingled trust funds:

Commingled trust funds:

Money market

Money market

Money market

Foreign funds:

Fixed income

Fixed income

Fixed income

Liquidity

Targeted cash flow

Total

Liabilities

Other payables:

Other payables:

Other payables:

Total liabilities

Fair value of plan assets

1. Other receivables and other payables are valued at their carrying value, which approximates fair value.

Rollforward of Level 3 Plan Assets

\$ in millions	\$ in millions	2023	2022	\$ in millions	2024	2023
Balance at beginning of period						
Realized and unrealized gains						
Purchases, sales and settlements, net						
Balance at end of period						

There were no transfers between levels during 2023, 2024 and 2022, 2023.

The U.S. Qualified Plan assets represent 87% 86% and 88% 87% of the Firm's total pension plan assets at December 31, 2023, December 31, 2024 and December 2022, December 31, 2023, respectively. The U.S. Qualified Plan uses a combination of active and risk-controlled fixed income investment strategies. The fixed income asset allocation consists primarily of fixed income securities and related derivative instruments designed to approximate the expected cash flows of the plan's liabilities to help reduce plan exposure to interest rate variation and to better align assets with the obligation. The longer-duration fixed income allocation is expected to help protect the plan's funded status and maintain the stability of plan contributions over the long run. The investment portfolio performance is assessed by comparing actual investment performance with changes in the estimated present value of the U.S. Qualified Plan's benefit obligation.

Derivative instruments are permitted in the U.S. Qualified Plan's investment portfolio only to the extent that they comply with all of the plan's investment policy guidelines and are consistent with the plan's risk and return objectives.

As a fundamental operating principle, any restrictions on the underlying assets apply to the respective derivative product. This includes percentage allocations and credit quality. Derivatives are used solely for the purpose of enhancing

Notes to Consolidated Financial Statements



investment returns in the underlying assets and not to circumvent portfolio restrictions.

Plan assets are measured at fair value using valuation techniques that are consistent with the valuation techniques applied to the Firm's major categories of assets and liabilities as described in Notes 2 and 4. OTC derivative contracts consist of investments in interest rate swaps and total return swaps. Other investments consist of insurance contracts held by non-U.S.-based plans. The insurance contracts are valued based on the premium reserve of the insurer for a guarantee that the insurer has given to the employee benefit plan that approximates fair value. The insurance contracts are categorized in Level 3 of the fair value hierarchy.

Commingled trust funds are privately offered funds regulated, supervised and subject to periodic examination by a U.S. federal or state agency and available to institutional clients. The trust must be maintained for the collective investment or reinvestment of assets contributed to it from U.S. tax-qualified employee benefit plans maintained by more than one employer or controlled group of corporations. The sponsor of the commingled trust funds values the funds based on the fair value of the underlying securities. Commingled trust funds are redeemable at NAV at the measurement date or in the near future.

Some non-U.S.-based plans hold foreign funds that consist of investments in fixed income funds and liquidity funds. Fixed income funds and targeted cash flow funds are designed to provide a series of fixed annual cash flows achieved by primarily investing in government and corporate bonds. Liquidity funds place a high priority on capital preservation, stable value and a high liquidity of assets. Foreign funds are readily redeemable at NAV.

The Firm generally considers the NAV of commingled trust funds and foreign funds provided by the fund manager to be the best estimate of fair value.

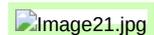
Expected Contributions

The Firm's policy is to fund at least the amount sufficient to meet minimum funding requirements under applicable employee benefit and tax laws. At December 31, 2023 December 31, 2024, the Firm expected to contribute approximately \$40 million to its pension plans in 2024 2025 based upon the plans' current funded status and expected asset return assumptions for 2024, 2025.

Expected Future Benefit Payments

\$ in millions	At December 31, 2023		At December 31, 2024	
	\$ in millions	Pension Plans	\$ in millions	Pension Plans
2024				
2025				
2026				
2027				
2028				
2029-2033				
2029				
2030-2034				

Notes to Consolidated Financial Statements



401(k) Plans Plan

\$ in millions	\$ in millions	2023	2022	2021	\$ in millions	2024	2023	2022
Expense								

U.S. employees meeting certain eligibility requirements may participate in the Firm's 401(k) plan.

Eligible employees receive discretionary 401(k) matching cash contributions as determined annually by the Firm. The Firm generally matched eligible employee contributions up to the IRS limit at 4%, or 5% up to a certain compensation level, in 2023 2024 and 2022, 2023. Eligible employees with eligible pay less than or equal to \$100,000 \$100,001 also received a fixed contribution equal to 2% of eligible pay. Contributions are invested among available funds according to each participant's investment direction and are included in the Firm's 401(k) expense.

Non-U.S. Defined Contribution Pension Plans

\$ in millions	\$ in millions	2023	2022	2021	\$ in millions	2024	2023	2022
Expense								

The Firm maintains separate defined contribution pension plans that cover eligible employees of certain non-U.S. subsidiaries. Under such plans, contributions are generally determined based on a fixed rate of base salary with certain vesting requirements.

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21. Income Taxes

Components of Provision for Income Taxes

\$ in millions	\$ in millions	2023	2022	2021	\$ in millions	2024	2023	2022
Current								
U.S.:								
U.S.:								
U.S.:								
Federal								
Federal								
Federal								
State and local								
Non-U.S.:								
Brazil ₁								
Brazil ₁								
Brazil ₁								
U.K.								
U.K.								
U.K.								
India ₁								
Japan								
Hong Kong								
Other ₂								
Brazil ₂								
Other ₃								
Total								
Deferred								
Deferred								
Deferred								
U.S.:								

U.S.:

U.S.:

Federal

Federal

Federal

State and local

Non-U.S.:

Brazil:

Brazil:

Brazil:

U.K.

U.K.

U.K.

India:

Japan

Hong Kong

Other²

Brazil²

Other³

Total

Provision for income taxes

1. In 2024, India was presented separately for the first time. The prior period amounts for Other have been disaggregated to exclude India to align with the current presentation.
2. In 2023, Brazil was presented separately for the first time. The prior period amounts for Other have been disaggregated to exclude Brazil to align with the current presentation.
3. Other Non-U.S. tax provisions for 2024, 2023, 2022 and 2021 primarily include Singapore, Germany, Hong Kong and Germany, Singapore.

Reconciliation of the U.S. Federal Statutory Income Tax Rate to the Effective Income Tax Rate

	2023		2022		2021	
	2024		2023		2022	
U.S. federal statutory income tax rate	U.S. federal statutory income tax rate	21.0 %	21.0 %	21.0 %	U.S. federal statutory income tax rate	21.0 %
U.S. state and local income taxes, net of U.S. federal income tax benefits						21.0 %
Domestic tax credits and tax exempt income						
Non-U.S. earnings						
Employee share-based awards						
Non-taxable income ¹						
Other						
Effective income tax rate	Effective income tax rate	21.9 %	20.7 %	23.1 %	Effective income tax rate	23.1 %
						21.9 %
						20.7 %

1. In 2023, Non-taxable income was presented separately for the first time. The prior period amounts for Non-U.S. earnings and Other have been disaggregated to exclude Non-taxable income to align with the current presentation.

Notes to Consolidated Financial Statements



Deferred Tax Assets and Liabilities

	At		At	
	December	December	Dec 31, 2024	At Dec 31, 2023
\$ in millions	\$ in millions	\$ in millions	\$ in millions	\$ in millions
	31,	31,		
	2023	2022		
Gross deferred tax assets				
Net operating loss and tax credit carryforwards				
Net operating loss and tax credit carryforwards				
Net operating loss and tax credit carryforwards				
Employee compensation and benefit plans				
Allowance for credit losses and other reserves				
Valuation of net trading inventory, investments and receivables				
Other				
Total deferred tax assets				
Less: Deferred tax assets valuation allowance				
Deferred tax assets after valuation allowance				
Gross deferred tax liabilities				
Fixed assets				
Fixed assets				
Fixed assets				
Intangibles and goodwill				
Total deferred tax liabilities				
Net deferred tax assets				

Deferred income taxes reflect the net tax effects of temporary differences between the financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when such differences are expected to reverse.

The Firm believes the recognized net deferred tax assets (after valuation allowance) at **December 31, 2023** **December 31, 2024** are more likely than not to be realized based on expectations as to future taxable income in the jurisdictions in which it operates.

The earnings of certain foreign subsidiaries and affiliates are indefinitely reinvested due to regulatory and other capital requirements in foreign jurisdictions. As of **December 31, 2023** **December 31, 2024** and **December 31, 2022** **December 31, 2023**, the unrecognized deferred tax liability attributable to indefinitely reinvested earnings is **\$302 million** **\$405 million** and **\$429 million** **\$302 million**, respectively.

Rollforward of Unrecognized Tax Benefits

\$ in millions	2023	2022	2021	\$ in millions	2024	2023	2022
Balance at beginning of period							
Increases based on tax positions related to the current period							
Increases based on tax positions related to prior periods							
Decreases based on tax positions related to prior periods							
Decreases related to settlements with taxing authorities							
Decreases related to lapse of statute of limitations							
Balance at end of period							
Net unrecognized tax benefits:							

1. Represent ending unrecognized tax benefits adjusted for the impact of the federal benefit of state issues, competent authority arrangements and foreign tax credit offsets. If recognized, these net benefits would favorably impact the effective tax rate in future periods.

It is reasonably possible that significant changes in the balance of unrecognized tax benefits may occur within the next 12 months. At this time, however, it is not possible to reasonably estimate the expected change to the total amount

Notes to Consolidated Financial Statements



of unrecognized tax benefits and the impact on the Firm's effective tax rate over the next 12 months.

Interest Expense (Benefit) and Penalties Associated with Unrecognized Tax Benefits, Net of Federal and State Income Tax Benefits

\$ in millions	\$ in millions	2023	2022	2021	\$ in millions	2024	2023	2022
Recognized in income statement								
Accrued at end of period								

Interest and penalties related to unrecognized tax benefits are recognized as a component of the provision for income taxes. Penalties related to unrecognized tax benefits for the years mentioned above were immaterial.

Earliest Tax Year Subject to Examination in Major Tax Jurisdictions

Jurisdiction	Tax Year
U.S.	2017
New York State and New York City	2010
U.K.	2014
Japan	2019 2020
Hong Kong	2017 2018

The Firm is routinely under examination by the IRS and other tax authorities in certain countries, such as Japan and the U.K., and in states and localities in which it has significant business operations, such as New York.

The Firm believes that the resolution of these tax examinations will not have a material effect on the annual financial statements, although a resolution could have a material impact in the income statement and on the effective tax rate for any period in which such resolutions occur.

22. Segment, Geographic and Revenue Information

The Firm structures its segments primarily based upon the nature of the financial products and services provided to customers and its management organization, which is consistent with the approach used by the Firm's chief operating decision maker ("CODM") to assess the Firm's financial performance. The Firm provides a wide range of financial products and services to its customers in each of its business segments: Institutional Securities, Wealth Management and Investment Management. For a further discussion of the business segments, see Note 1.

Revenues and expenses directly associated with each respective business segment are included in determining its operating results. Other revenues and expenses that are not directly attributable to a particular business segment are generally allocated based on each business segment's respective net revenues, non-interest expenses or other relevant measures.

As a result of revenues and expenses from transactions with other operating segments being treated as transactions with external parties for purposes of segment disclosures, the Firm includes an Intersegment Eliminations category to reconcile the business segment results to the consolidated results.

Notes to Consolidated Financial Statements



	Interest expenses	32,162	6,897	264	(1,704)	37,619
Total non-interest revenues	Net interest	221	8,118	(129)	20	8,230
	Net revenues	\$ 23,060	\$ 26,268	\$ 5,370	\$ (555)	\$ 54,143
Interest expense	Provision for credit losses	\$ 401	\$ 131	\$ —	\$ —	\$ 532
	Compensation and benefits ³	8,369	13,972	2,217	—	24,558
Net interest expense	Non-compensation expenses ³	9,814	5,635	2,311	(520)	17,240
	Total non-interest expenses	\$ 18,183	\$ 19,607	\$ 4,528	\$ (520)	\$ 41,798
Net revenues	Income before provision for income taxes	\$ 4,476	\$ 6,530	\$ 842	\$ (35)	\$ 11,813
Provision for credit losses	Provision for income taxes	884	1,508	199	(8)	2,583
Net interest expense	Net income	3,592	5,022	643	(27)	9,230
Compensation and benefits	Net income applicable to noncontrolling interests	139	—	4	—	143
Non-compensation expenses	Net income applicable to Morgan Stanley	\$ 3,453	\$ 5,022	\$ 639	\$ (27)	\$ 9,087
	Pre-tax margin ⁴	19 %	25 %	16 %	N/M	22 %
Total non-interest expense						
		2022				
	\$ in millions	IS	WM	IM	I/E	Total
Income before provision for income taxes	Investment banking	\$ 5,235	\$ 438	\$ —	\$ (74)	\$ 5,599
Provision for credit losses	Trading	14,318	(432)	(11)	53	13,928
Compensation and benefits	Investments	(156)	51	120	—	15
Net interest expense	Commissions and fees ¹	2,756	2,467	—	(285)	4,938
Net income applicable to noncontrolling interests	Asset management ^{1,2}	580	13,872	5,332	(206)	19,578
Net income applicable to Morgan Stanley	Other	(295)	592	(2)	(12)	283
	Total non-interest revenues	22,438	16,988	5,439	(524)	44,341
	Interest income	13,276	9,579	56	(1,316)	21,595
	Interest expense	11,321	2,150	120	(1,323)	12,268
	Net interest	1,955	7,429	(64)	7	9,327
	Net revenues	\$ 24,393	\$ 24,417	\$ 5,375	\$ (517)	\$ 53,668
	Provision for credit losses	\$ 211	\$ 69	\$ —	\$ —	\$ 280
	Compensation and benefits ³	8,246	12,534	2,273	—	23,053
	Non-compensation expenses ³	9,221	5,231	2,295	(501)	16,246
	Total non-interest expenses	\$ 17,467	\$ 17,765	\$ 4,568	\$ (501)	\$ 39,299
	Income before provision for income taxes	\$ 6,715	\$ 6,583	\$ 807	\$ (16)	\$ 14,089
	Provision for income taxes	1,308	1,444	162	(4)	2,910
	Net income	5,407	5,139	645	(12)	11,179
	Net income applicable to noncontrolling interests	165	—	(15)	—	150
	Net income applicable to Morgan Stanley	\$ 5,242	\$ 5,139	\$ 660	\$ (12)	\$ 11,029
	Pre-tax margin ⁴	28 %	27 %	15 %	N/M	26 %

1. Substantially all revenues are from contracts with customers.

2. Includes certain fees that may relate to services performed in prior periods.

3. The significant expense categories and amounts align with the segment-level information that is regularly provided to the CODM.

4. Pre-tax margin represents income before provision for income taxes as a percentage of net revenues.

5. Certain prior-period amounts have been adjusted to conform with the current-period presentation. This adjustment resulted in a decrease to both interest income and interest expense of \$4,432 million for the year ended December 31, 2023, and no effect on net interest income, with the entire impact to the Firm recorded within the Institutional Securities segment. See Note 2 for additional information.

Notes to Consolidated Financial Statements

Image21.jpg

\$ in millions	2021				
	IS	WM	IM	I/E	Total
Investment banking	\$ 10,272	\$ 822	\$ —	\$ (100)	\$ 10,994
Trading	12,353	418	(53)	92	12,810
Investments	607	48	721	—	1,376
Commissions and fees ¹	2,878	3,019	1	(377)	5,521
Asset management ²	583	13,966	5,576	(158)	19,967
Other	495	577	(20)	(10)	1,042
Total non-interest revenues	27,188	18,850	6,225	(553)	51,710
Interest income	3,752	5,821	31	(193)	9,411
Interest expense	1,107	428	36	(205)	1,366
Net interest	2,645	5,393	(5)	12	8,045
Net revenues	\$ 29,833	\$ 24,243	\$ 6,220	\$ (541)	\$ 59,755
Provision for credit losses	\$ (7)	\$ 11	\$ —	\$ —	\$ 4
Compensation and benefits	9,165	13,090	2,373	—	24,628
Non-compensation expenses	8,861	4,961	2,169	(536)	15,455
Total non-interest expenses	\$ 18,026	\$ 18,051	\$ 4,542	\$ (536)	\$ 40,083
Income before provision for income taxes	\$ 11,814	\$ 6,181	\$ 1,678	\$ (5)	\$ 19,668
Provision for income taxes	2,746	1,447	356	(1)	4,548
Net income	9,068	4,734	1,322	(4)	15,120
Net income applicable to noncontrolling interests	111	—	(25)	—	86
Net income applicable to Morgan Stanley	\$ 8,957	\$ 4,734	\$ 1,347	\$ (4)	\$ 15,034

¹ Substantially all revenues are from contracts with customers.

² Includes certain fees that may relate to services performed in prior periods.

Detail of Investment Banking Revenues

\$ in millions	\$ in millions	2023	2022	2021	\$ in millions	2024	2023	2022
Institutional Securities—								
Advisory								
Institutional Securities—								
Underwriting								
Firm investment banking revenues from contracts with customers	Firm investment banking revenues from contracts with customers				Firm investment banking revenues from contracts with customers			
		91 %	90 %	91 %	90 %	91 %	90 %	

Trading Revenues by Product Type

\$ in millions	\$ in millions	2023	2022	2021	\$ in millions	2024	2023	2022
Interest rate								
Foreign exchange								
Equity								
Commodity and other								
Credit								

Total

1. Dividend income is included within equity contracts.

The previous table summarizes realized and unrealized gains and losses primarily related to the Firm's Trading assets and liabilities, from derivative and non-derivative financial instruments, included in Trading revenues in the income statement. The Firm generally utilizes financial instruments across a variety of product types in connection with its market-making and related risk management strategies. The trading revenues presented in the table are not representative of the manner in which the Firm manages its business activities and are prepared in a manner similar to the presentation of trading revenues for regulatory reporting purposes.

Investment Management Investments Revenues—Net Cumulative Unrealized Carried Interest

	At December 31, 2023		At December 31, 2022	
	\$ in millions	\$ in millions	\$ in millions	\$ in millions
Net cumulative unrealized performance-based fees at risk of reversing	31	31	31	31

The Firm's portion of net cumulative performance-based fees in the form of unrealized carried interest, for which the Firm is not obligated to pay compensation, is at risk of reversing when the return returns in certain funds fall below specified performance targets. See Note 14 for information regarding general partner guarantees, which include potential obligations to return performance fee distributions previously received.

Investment Management Asset Management Revenues—Reduction of Fees Due to Fee Waivers

\$ in millions	2023	2022	2021	2024	2023	2022
Fee waivers						

The Firm waives a portion of its fees in the Investment Management business segment from certain registered money market funds that comply with the requirements of Rule 2a-7 of the Investment Company Act of 1940.

Certain Other Fee Waivers

Separately, the Firm's employees, including its senior officers, may participate on the same terms and conditions as other investors in certain funds that the Firm sponsors primarily for client investment, and the Firm may waive or lower applicable fees and charges for its employees.

Other Expenses—Transaction Taxes

\$ in millions	2023	2022	2021	2024	2023	2022
Transaction taxes						

Transaction taxes are composed of securities transaction taxes and stamp duties, which are levied on the sale or purchase of securities listed on recognized stock exchanges in certain markets. These taxes are imposed mainly on trades of equity securities in Asia and EMEA. Similar transaction taxes are levied on trades of listed derivative instruments in certain countries.

Notes to Consolidated Financial Statements



Net Revenues by Region

\$ in millions	2023	2022	2021	2024	2023	2022
Americas						
EMEA						
Asia						
Total						

Income before Provision for Income Taxes

\$ in millions	2023	2022	2021	2024	2023	2022
U.S.						
Non-U.S. ¹						

Total

1. Non-U.S. income is defined as income generated from operations located outside the U.S.

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 EMEA and Asia locations. The net revenues disclosed in the previous table reflect the regional view of the Firm's consolidated net revenues on a managed basis, based on the following methodology:

Institutional Securities: Client location for advisory and equity underwriting, syndicate desk location for debt underwriting, trading desk location for sales and trading.

Wealth Management: Americas, where representatives operate.

Investment Management: Client location, except certain closed-end funds, which are based on asset location.

Revenues Recognized from Prior Services

\$ in millions	\$ in millions	2023	2022	2021	\$ in millions	2024	2023	2022
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Non-interest revenues

The previous table includes revenues from contracts with customers recognized where some or all services were

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performed in prior periods. These revenues primarily include investment banking advisory fees.

Receivables from Contracts with Customers

	At	At	At	At		
	December 31,	December 31,	December 31,	December 31,		
\$ in millions	\$ in millions	2023	2022	\$ in millions	2024	2023

Customer and other receivables

Receivables from contracts with customers, which are included within Customer and other receivables in the balance sheet, arise when the Firm has both recorded revenues and the right per the contract to bill the customer.

Assets by Business Segment

	At	At	At	At		
	December 31,	December 31,	December 31,	December 31,		
\$ in millions	\$ in millions	2023	2022	\$ in millions	2024	2023

Institutional Securities

Wealth Management

Investment Management

Total:

1. Parent assets have been fully allocated to the business segments.

Total Assets by Region

	At	At	At	At		
	December 31,	December 31,	December 31,	December 31,		
\$ in millions	\$ in millions	2023	2022	\$ in millions	2024	2023

Americas

EMEA

Asia

Total

23. Parent Company

Parent Company Only—Condensed Income Statement and Comprehensive Income Statement

\$ in millions	\$ in millions			\$ in millions		
	2023	2022	2021	2024	2023	2022
Revenues						
Dividends from bank subsidiaries						
Dividends from bank subsidiaries						
Dividends from bank subsidiaries						
Dividends from BHC and non-bank subsidiaries						
Total dividends from subsidiaries						
Trading						
Other						
Total non-interest revenues						
Interest income						
Interest expense						
Net interest						
Net revenues						
Non-interest expenses						
Income before income taxes						
Provision for (benefit from) income taxes						
Net income before undistributed gain of subsidiaries						
Undistributed (loss) gain of subsidiaries						
Net income						
Other comprehensive income (loss), net of tax:						
Foreign currency translation adjustments						
Foreign currency translation adjustments						
Foreign currency translation adjustments						
Change in net unrealized gains (losses) on available-for-sale securities						
Pensions and other						
Change in net debt valuation adjustment						
Net change in cash flow hedges						
Comprehensive income						
Net income						
Preferred stock dividends and other						
Earnings applicable to Morgan Stanley common shareholders						

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Parent Company Only—Condensed Balance Sheet

\$ in millions,	At		\$ in millions,	At	
	December	December		December	December
except share	31,	31,	except	31,	31,

\$ in millions, except share data

data 2023 2022 share data 2024 2023

Assets

Cash and cash equivalents

Cash and cash equivalents

Cash and cash equivalents

Trading assets at fair value

Investment securities:

Available-for-sale at fair value (amortized cost of \$22,164 and \$18,488; \$10,179 and \$14,278 were pledged to various parties)

Available-for-sale at fair value (amortized cost of \$22,164 and \$18,488; \$10,179 and \$14,278 were pledged to various parties)

Available-for-sale at fair value (amortized cost of \$22,164 and \$18,488; \$10,179 and \$14,278 were pledged to various parties)

Held-to-maturity (fair value of \$14,093 and \$17,698; \$10,010 and \$12,948 were pledged to various parties)

Available-for-sale at fair value (amortized cost of \$22,557 and \$22,164; \$11,816 and \$10,179 were pledged to various parties)

Available-for-sale at fair value (amortized cost of \$22,557 and \$22,164; \$11,816 and \$10,179 were pledged to various parties)

Available-for-sale at fair value (amortized cost of \$22,557 and \$22,164; \$11,816 and \$10,179 were pledged to various parties)

Held-to-maturity (fair value of \$12,050 and \$14,093; \$1,715 and \$10,010 were pledged to various parties)

Securities purchased under agreement to resell to affiliates

Advances to subsidiaries:

Bank and BHC

Bank and BHC

Bank and BHC

Non-bank

Equity investments in subsidiaries:

Bank and BHC

Bank and BHC

Bank and BHC

Non-bank

Other assets

Total assets

Liabilities

Trading liabilities at fair value

Trading liabilities at fair value

Trading liabilities at fair value

Securities sold under agreements to repurchase from affiliates

Payables to and advances from subsidiaries

Other liabilities and accrued expenses

Borrowings (includes \$13,404 and \$12,122 at fair

value)

Borrowings (includes \$12,814 and \$13,404 at fair value)

Total liabilities

Commitments and contingent liabilities (see

Note 14)

Equity

Equity

Equity

Preferred stock

Preferred stock

Preferred stock

Common stock, \$0.01 par value:

Shares authorized: 3,500,000,000; Shares issued: 2,038,893,979; Shares outstanding: 1,626,828,437 and 1,675,487,409

Shares authorized: 3,500,000,000; Shares issued: 2,038,893,979; Shares outstanding: 1,626,828,437 and 1,675,487,409

Shares authorized: 3,500,000,000; Shares issued: 2,038,893,979; Shares outstanding: 1,626,828,437 and 1,675,487,409

Shares authorized: 3,500,000,000; Shares issued: 2,038,893,979; Shares outstanding: 1,606,653,706 and 1,626,828,437

Shares authorized: 3,500,000,000; Shares issued: 2,038,893,979; Shares outstanding: 1,606,653,706 and 1,626,828,437

Shares authorized: 3,500,000,000; Shares issued: 2,038,893,979; Shares outstanding: 1,606,653,706 and 1,626,828,437

Additional paid-in capital

Retained earnings

Employee stock trusts

Accumulated other comprehensive income (loss)

Common stock held in treasury at cost, \$0.01 par value (412,065,542 and 363,406,570 shares)

Common stock held in treasury at cost, \$0.01 par value (432,240,273 and 412,065,542 shares)

Common stock issued to employee stock trusts

Total shareholders' equity

Total liabilities and equity

Parent Company Only—Condensed Cash Flow Statement

\$ in millions \$ in millions: 2023 2022 2021 \$ in millions: 2024 2023 2022

Net cash provided by (used for) operating activities

Net cash provided by (used for) operating activities

Net cash provided by (used for) operating activities

Cash flows from investing activities

Proceeds from (payments for):

Proceeds from (payments for):

Proceeds from (payments for):

AFS securities:

AFS securities:

AFS securities:

Purchases

Purchases

Purchases
Proceeds from sales
Proceeds from paydowns and maturities
HTM securities:
Purchases
Purchases
Purchases
Proceeds from paydowns and maturities
Securities purchased under agreements to resell with affiliates
Securities sold under agreements to repurchase with affiliates
Advances to and investments in subsidiaries
Net cash provided by (used for) investing activities
Cash flows from financing activities
Proceeds from:
Proceeds from:
Proceeds from:
Issuance of preferred stock, net of issuance costs
Issuance of preferred stock, net of issuance costs
Issuance of preferred stock, net of issuance costs
Issuance of Borrowings
Payments for:
Borrowings
Borrowings
Borrowings
Repurchases of common stock and employee tax withholdings
Cash dividends
Net change in advances from subsidiaries
Net cash provided by (used for) financing activities
Net cash provided by (used for) financing activities
Net cash provided by (used for) financing activities
Effect of exchange rate changes on cash and cash equivalents
Net increase (decrease) in cash and cash equivalents
Cash and cash equivalents, at beginning of period
Cash and cash equivalents, at end of period
Cash and cash equivalents:
Cash and due from banks
Cash and due from banks
Cash and due from banks
Deposits with bank subsidiaries
Cash and cash equivalents, at end of period
Restricted cash
Supplemental Disclosure of Cash Flow Information
Cash payments for:
Interest
Interest
Interest
Income taxes, net of refunds.

1. Represents total payments, net of refunds, made to various tax authorities and includes taxes paid on behalf of certain subsidiaries that are subsequently settled between the Parent Company and these subsidiaries. The settlements received from subsidiaries were \$1.6 billion, \$1.6 billion and \$2.6 billion for 2024, 2023 and \$3.0 billion for 2023, 2022, and 2021, respectively.

For information on the Parent Company's preferred stock, see Note 17.

Notes to Consolidated Financial Statements



Parent Company's Borrowings with Original Maturities Greater than One Year

	At December 31,		At December 31,	
	2023	2022	2024	2023
\$ in millions	\$ in millions	\$ in millions	\$ in millions	\$ in millions
Senior				
Subordinated				
Total				

Transactions with Subsidiaries

The Parent Company has transactions with its consolidated subsidiaries determined on an agreed-upon basis and has guaranteed certain unsecured lines of credit and contractual obligations on certain of its consolidated subsidiaries.

Guarantees

In the normal course of its business, the Parent Company guarantees certain of its subsidiaries' obligations on a transaction-by-transaction basis under various financial arrangements. The Parent Company has issued guarantees on behalf of its subsidiaries to various U.S. and non-U.S. exchanges and clearinghouses that trade and clear securities and/or futures contracts. Under these guarantee arrangements, the Parent Company may be required to pay the financial obligations of its subsidiaries related to business transacted on or with the exchanges and clearinghouses in the event of a subsidiary's default on its obligations to the exchange or the clearinghouse. The Parent Company has not recorded any contingent liability in its condensed financial statements for these arrangements and believes that any potential requirements to make payments under these arrangements are remote.

The Parent Company also, in the normal course of business, provides standard indemnities to counterparties on behalf of its subsidiaries for taxes, including U.S. and foreign withholding taxes, on interest and other payments made on derivatives, securities and stock lending transactions, and certain annuity products, and may also provide indemnities to or on behalf of affiliates from time to time for other arrangements. These indemnity payments could be required, as applicable, based on a change in the tax laws, change in interpretation of applicable tax rulings or claims arising from contractual relationships between affiliates. Certain contracts contain provisions that enable the Parent Company to terminate the agreement upon the occurrence of such events. The maximum potential amount of future payments that the Parent Company could be required to make under these indemnifications cannot be estimated. The Parent Company has not recorded any contingent liability in its condensed financial statements for these indemnifications and believes that the occurrence of any events that would trigger payments under these contracts is remote.

Guarantees of Debt Instruments and Warrants Issued by Subsidiaries

	At December 31,		At December 31,	
	2023	2022	2024	2023
\$ in millions	\$ in millions	\$ in millions	\$ in millions	\$ in millions
Aggregate balance				

Guarantees under Subsidiary Lease Obligations

	At December 31,		At December 31,	
	2023	2022	2024	2023
\$ in millions	\$ in millions	\$ in millions	\$ in millions	\$ in millions
Aggregate balance:				

1. Amounts primarily relate to the U.K.

Finance Subsidiary

The Parent Company fully and unconditionally guarantees the securities issued by Morgan Stanley Finance LLC, a wholly owned finance subsidiary. No other subsidiary of the Parent Company guarantees these securities.

Resolution and Recovery Planning

As indicated in the Firm's 2023 resolution plan submitted to the Federal Reserve and the FDIC, the Parent Company has entered into an amended and restated support agreement with its material entities (including its wholly owned, direct subsidiary Morgan Stanley Holdings LLC (the "Funding IHC")) and certain other subsidiaries. Under the amended and restated secured support agreement, in the event of a resolution scenario, the Parent Company would be obligated to contribute all of its contributable assets to its supported entities and/or the Funding IHC. The Funding IHC would be obligated to provide capital and liquidity, as applicable, to its supported entities. The obligations of the

Parent Company and the Funding IHC under the amended and restated support agreement are in most cases secured on a senior basis by the assets of the Parent Company (other than shares in subsidiaries of the Parent Company and certain other assets) and the assets of the Funding IHC.

Financial Data Supplement (Unaudited)



Average Balances and Interest Rates and Net Interest Income

Effect of Volume and Rate Changes on Net Interest Income

	2023									2022									2023 versus 2022			
	Average			Average			Average			Average			Increase (Decrease)			Net Change						
	Balance	Interest	Rate	Balance	Interest	Rate	Balance	Interest	Rate	Balance	Interest	Rate	Volume	Rate	Due to Change in:							
Interest earning assets																						
Cash and cash equivalents:																						
U.S.																						
U.S.	\$ 56,920	\$ 2,386	4.2	\$ 57,889	\$ 692	1.2	\$ 47,751												4.2	%		
Non-U.S.	48,373	1,022	2.1	58,052	222	0.4	43,000												1,022	1,022	2.1	2.1
Investment securities ²	153,307	3,992	2.6	167,494	3,066	1.8	156,000												3,992	3,992	2.6	2.6
Loans ²	215,628	12,424	5.8	205,069	6,988	3.4	226,000												12,424	12,424	5.8	5.8
Securities purchased under agreements to resells:																						
U.S.	47,604	4,714	9.9	57,565	1,643	2.9	65,000												4,714	4,714	9.9	9.9
Non-U.S.	61,766	3,048	4.9	62,585	545	0.9	47,000												3,048	3,048	4.9	4.9
Securities borrowed:																						
U.S.	115,279	4,794	4.2	123,288	1,039	0.8	110,000												4,794	4,794	4.2	4.2
Non-U.S.	18,514	397	2.1	19,345	(19)	(0.1)	18,000												397	397	2.1	2.1
Trading assets, net of Trading liabilities:																						
U.S.																						
U.S.	93,409	3,792	4.1	74,932	2,068	2.8	106,063												3,792	3,792	4.1	4.1
Non-U.S.	12,788	696	5.4	14,748	416	2.8	14,000												696	696	5.4	5.4
Customer receivables and Other:																						
U.S.																						
U.S.	45,815	9,585	20.9	56,040	3,798	6.8	52,510												9,585	9,585	13.8	13.8

Customer payables and Other ^{9,10} :
Customer payables and Other ^{9,10} :
Customer payables and Other ^{9,10} :
U.S.
U.S.
U.S.
Non-U.S.
Non-U.S.
Non-U.S.
Change in interest expense
Change in interest expense
Change in interest expense
Change in net interest income
Change in net interest income
Change in net interest income

Financial Data Supplement (Unaudited)



Average Balances and Interest Rates and Net Interest Income

	2021					2022				
		Average Daily Balance	Average Interest	Average Rate		Average Daily Balance	Average Interest	Average Rate		
Interest earning assets										
Cash and cash equivalents:										
U.S.	U.S.	\$ 62,340	\$ 44	0.1	0.1 %	U.S.	\$ 57,889	\$ 692	1.2	1.2 %
Non-U.S.	Non-U.S.	52,106	(37)	(0.1)	(0.1)%	Non-U.S.	58,052	222	0.4	0.4 %
Investment securities:	Investment securities:	182,896	2,759	1.5	1.5 %	Investment securities:	167,494	3,066	1.8	1.8 %
Loans:	Loans:	166,675	4,209	2.5	2.5 %	Loans:	205,069	6,988	3.4	3.4 %
Securities purchased under agreements to resell:										
U.S.	U.S.	55,274	86	0.2	0.2 %	U.S.	57,565	1,643	2.9	2.9 %
Non-U.S.	Non-U.S.	53,323	(267)	(0.5)	(0.5)%	Non-U.S.	62,585	545	0.9	0.9 %
Securities borrowed:										
U.S.	U.S.	99,667	(825)	(0.8)	(0.8)%	U.S.	123,288	1,039	0.8	0.8 %
Non-U.S.	Non-U.S.	17,387	(192)	(1.1)	(1.1)%	Non-U.S.	19,345	(19)	(0.1)	(0.1)%
Trading assets, net of Trading liabilities:										
U.S.	U.S.	77,916	1,644	2.1	2.1 %	U.S.	74,932	2,068	2.8	2.8 %
Non-U.S.	Non-U.S.	19,559	394	2.0	2.0 %	Non-U.S.	14,748	416	2.8	2.8 %

Customer payables and Other:

Customer receivables and Other:

U.S.	U.S.	72,665	1,365	1,365	1.9	1.9 %	U.S.	56,040	3,798	3,798	6.8	6.8 %
Non-U.S.	Non-U.S.	21,962	231	231	1.1	1.1 %	Non-U.S.	15,891	1,137	1,137	7.2	7.2 %
Total	Total	\$881,770	\$	9,411	1.1	1.1 %	Total	\$912,898	\$	21,595	2.4	2.4 %

Interest

bearing

liabilities

Deposits:

Deposits:

Deposits:	\$325,500	\$	409	0.1	0.1 %	\$ 340,741	\$	1,825	0.5	0.5 %
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Borrowings:	224,657	2,725	1.2 %
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Securities sold under agreements to repurchase:

Borrowings:	229,255	5,054	2.2 %
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Securities sold under agreements to repurchase:

U.S.	U.S.	29,383	157	157	0.5	0.5 %	U.S.	21,481	1,086	1,086	5.1	5.1 %
Non-U.S.	Non-U.S.	27,374	(64)	(64)	(0.2)	(0.2) %	Non-U.S.	39,631	674	674	1.7	1.7 %

Securities loaned:

Securities loaned:

U.S.	U.S.	4,816	29	29	0.6	0.6 %	U.S.	6,277	37	37	0.6	0.6 %
Non-U.S.	Non-U.S.	5,514	372	372	6.7	6.7 %	Non-U.S.	7,669	466	466	6.1	6.1 %

Customer payables and Other:

Customer payables and Other:

U.S.	U.S.	132,899	(1,825)	(1,825)	(1.4)	(1.4) %	U.S.	143,448	1,991	1,991	1.4	1.4 %
Non-U.S.	Non-U.S.	76,185	(437)	(437)	(0.6)	(0.6) %	Non-U.S.	73,291	1,135	1,135	1.5	1.5 %

Total	Total	\$826,328	\$	1,366	0.2	0.2 %	Total	\$861,793	\$	12,268	1.4	1.4 %
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Net interest

income and Net interest income

net interest and net interest rate

rate spread spread

Net interest income and net

interest rate spread

interest rate spread

		\$	8,045	0.9	0.9 %		\$	9,327	1.0	1.0 %
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Effect of Volume and Rate Changes on Net Interest Income

\$ in millions	2022 versus 2021				2023 versus 2022			
	Increase (Decrease)				Increase (Decrease)			
	Due to Change in:				Due to Change in:			
	\$ in millions	Volume	Rate	Net Change	\$ in millions	Volume	Rate	Net Change

Interest earning assets

Cash and cash equivalents:

Cash and cash equivalents:

Cash and cash equivalents:

U.S.

Non-U.S.

Investment securities:

Loans:

Securities purchased under

Securities purchased under agreements to

Securities purchased under agreements

agreements to resell:

resells:

to resell:

U.S.

Non-U.S.

Securities borrowed:

Securities borrowed:

Securities borrowed:

U.S.

Non-U.S.

Trading assets, net of Trading

liabilities:

U.S.

U.S.

Trading assets, net of Trading liabilities:

U.S.
Non-U.S.
Customer receivables and Other ^{1,10} :
U.S.
U.S.
Customer receivables and Other ^{1,10} :
U.S.
Non-U.S.
Change in interest income
Interest bearing liabilities
Deposits ²
Deposits ²
Deposits ²
Borrowings ^{2,6}
Securities sold under agreements to repurchase ^{7,9} :
Borrowings ^{2,5}
Securities sold under agreements to repurchase ^{6,8} :
U.S.
Non-U.S.
Securities loaned ^{8,9} :
Securities loaned ^{7,9} :
U.S.
Non-U.S.
Customer payables and Other ^{1,10} :
U.S.
U.S.
Customer payables and Other ^{9,10} :
U.S.
Non-U.S.
Change in interest expense
Change in net interest income

- In the fourth quarter of 2023, interest bearing interest-bearing Cash and cash equivalents and related interest were presented separately for the first time. The prior period year amounts for Customer receivables and Other have been disaggregated to exclude Cash and cash equivalents to align with the current presentation.
- Amounts include primarily U.S. balances.
- Includes interest paid on Securities purchased under agreements to resell.
- Includes fees paid on Securities borrowed.
- Excludes non-interest earning assets and non-interest bearing liabilities, such as equity securities.
- Average daily balance includes borrowings carried at fair value but, for certain borrowings, interest expense is considered part of fair value and is recorded in Trading revenues.
- Includes interest received on Securities sold under agreements to repurchase.
- Includes fees received on Securities loaned.
- The annualized average rate was calculated using (a) interest expense incurred on all securities sold under agreements to repurchase and securities loaned securities-loaned transactions, whether or not such transactions were reported in the balance sheet and (b) net average on-balance sheet balances, which exclude certain securities-for-securities transactions.
- Includes fees received from Equity Financing customers related to their short transactions, which can be under either margin or securities lending securities-lending arrangements.
- Certain prior-period amounts have been adjusted to conform with the current-period presentation. This adjustment resulted in a decrease to both interest income and interest expense of \$4,432 million for the year ended December 31, 2023, and no effect on net interest income, with the entire impact to the Firm recorded within the Institutional Securities segment. See Note 2 for additional information.

Financial Data Supplement (Unaudited)



Deposits

		Average Daily Deposits						Average Daily Deposits						
		2023		2022		2021		2024		2023		2022		
\$ in millions	\$ in millions	Average Amount	Average Rate	Average Amount	Average Rate	Average Amount	Average Rate	\$ in millions	Average Amount	Average Rate	Average Amount	Average Rate	Average Amount	Average Rate
Deposits:														
Savings and demand	Savings and demand	\$ 286,513	2.0 %	\$ 321,316	0.4 %	\$ 304,664	— %	Savings and demand	\$ 280,926	2.5 %	\$ 286,513	2.0 %	\$ 321,316	0.4 %
Time	Time	\$ 56,070	4.3 %	\$ 19,425	2.7 %	\$ 20,836	1.7 %	Time	\$ 69,561	4.8 %	\$ 56,070	4.3 %	\$ 19,425	2.7 %
Total	Total	\$ 342,583	2.4 %	\$ 340,741	0.5 %	\$ 325,500	0.1 %	Total	\$ 350,487	3.0 %	\$ 342,583	2.4 %	\$ 340,741	0.5 %

1. The Firm's deposits were primarily held in U.S. offices.

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Glossary of Common Terms and Acronyms



ABS	Asset-backed securities	Income statement	Consolidated income statement
ACL	Allowance for credit losses	IRS	Internal Revenue Service
AFS	Available-for-sale		
AML	Anti-money laundering		
AOCI	Accumulated other comprehensive income (loss)		
AUM	Assets under management or supervision		
Balance sheet	Consolidated balance sheet		
BHC	Bank holding company		
bps	Basis points; one basis point equals 1/100th of 1%		
Cash flow statement	Consolidated cash flow statement		
CCAR	Comprehensive Capital Analysis and Review		
CCyB	Countercyclical		

	capital buffer
CDO	Collateralized debt obligation(s), including Collateralized loan obligation(s)
CDS	Credit default swaps
CECL	Current Expected Credit Losses, as calculated under the Financial Instruments—Credit Losses accounting update
CEO	Chief Executive Officer
CET1	Common Equity Tier 1
CFTC	U.S. Commodity Futures Trading Commission
CLN	Credit-linked note(s)
CLO	Collateralized loan obligation(s)
CMBS	Commercial mortgage-backed securities
CMO	Collateralized mortgage obligation(s)
CRE	Commercial real estate
CRM	Credit Risk Management Department
CTA	Cumulative foreign currency translation adjustments
CVA	Credit valuation adjustment
DCP	Employee deferred cash-based compensation plans linked to investment performance
DCP investments	Investments associated with certain DCP
DVA	Debt valuation

	adjustment
EBITDA	Earnings before interest, taxes, depreciation and amortization
ELN	Equity-linked note(s)
EMEA	Europe, Middle East and Africa
EPS	Earnings per common share
E.U.	European Union
FDIC	Federal Deposit Insurance Corporation
FFELP	Federal Family Education Loan Program
FHC	Financial holding company
FICC	Fixed Income Clearing Corporation
FICO	Fair Isaac Corporation
Financial statements	Consolidated financial statements
FVA	Funding valuation adjustment
FVO	Fair value option
G-SIB	Global systemically important banks bank
HELOC	Home Equity Line of Credit
HFI	Held-for-investment
HFS	Held-for-sale
HQLA	High-quality liquid assets
HTM	Held-to-maturity
I/E	Intersegment eliminations
IHC	Intermediate holding company
IM	Investment Management
IS	Institutional Securities
LCR	Liquidity coverage ratio, as adopted by the U.S. banking agencies
LIBOR	London Interbank Offered Rate
LTV	Loan-to-value

M&A	Merger, acquisition and restructuring transaction
MSBNA	Morgan Stanley Bank, N.A.
MS&Co.	Morgan Stanley & Co. LLC
MSCG	Morgan Stanley Capital Group Inc.
MSCS	Morgan Stanley Capital Services LLC
MSEHSE	Morgan Stanley Europe Holdings SE
MSESE	Morgan Stanley Europe SE
MSIP	Morgan Stanley & Co. International plc
MSMS	Morgan Stanley MUFG Securities Co., Ltd.
MSPBNA	Morgan Stanley Private Bank, National Association
MSSB	Morgan Stanley Smith Barney LLC
MUFG	Mitsubishi UFJ Financial Group, Inc.
MUMSS	Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.
MWh	Megawatt hour
N/A	Not Applicable
N/M	Not Meaningful
NAV	Net asset value
Non-GAAP	Non-generally accepted accounting principles in the U.S.
NSFR	Net stable funding ratio, as adopted by the U.S. banking agencies
OCC	Office of the Comptroller of the Currency
OCI	Other comprehensive income (loss)
OIS	Overnight index swap
OTC	Over-the-counter
PRA	Prudential Regulation Authority
PSU	Performance-based stock unit
RMBS	Residential mortgage-backed securities
ROE	Return on average common equity
ROTCE	Return on average tangible common equity
ROU	Right-of-use
RSU	Restricted stock unit
RWA	Risk-weighted assets
SCB	Stress capital buffer
SEC	U.S. Securities and Exchange Commission
SLR	Supplementary leverage ratio
SOFR	Secured Overnight Financing Rate
S&P	Standard & Poor's
SPE	Special purpose entity
SPOE	Single point of entry
TLAC	Total loss-absorbing capacity
U.K.	United Kingdom
UPB	Unpaid principal balance
U.S.	United States of America
U.S. Bank Subsidiaries	Morgan Stanley Bank, N.A. ("MSBNA") MSBNA and Morgan Stanley Private Bank, National Association ("MSPBNA") MSPBNA
U.S. GAAP	Accounting principles generally accepted in the United States of America U.S.
VaR	Value-at-Risk
VIE	Variable interest entity
WACC	Implied weighted average cost of capital
WM	Wealth Management



Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Controls and Procedures

Conclusion Regarding the Effectiveness of Disclosure Controls and Procedures

Under the supervision and with the participation of the Firm's management, including the Chief Executive Officer and Chief Financial Officer, the Firm conducted an evaluation of the effectiveness of the Firm's disclosure controls and procedures (as defined in Rule 13a-15(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")). Based on this evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Firm's disclosure controls and procedures were effective as of the end of the period covered by this annual report.

Management's Report on Internal Control Over Financial Reporting

The Firm's management is responsible for establishing and maintaining adequate internal control over financial reporting. The Firm's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP").

The internal control over financial reporting includes those policies and procedures that:

- Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Firm;
- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. GAAP and that receipts and expenditures are being made only in accordance with authorizations of the Firm's management and directors; and
- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of Firm assets that could have a material effect on the Firm's financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of the Firm's internal control over financial reporting as of December 31, 2023 December 31, 2024. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in Internal Control—Integrated Framework (2013). Based on management's assessment and those criteria, management believes that the Firm maintained effective internal control over financial reporting as of December 31, 2023 December 31, 2024.

The Firm's independent registered public accounting firm has audited and issued a report on the Firm's internal control over financial reporting, which appears below.

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of Morgan Stanley:

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of Morgan Stanley and subsidiaries (the "Firm") as of **December 31, 2023** **December 31, 2024**, based on criteria established in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Firm maintained, in all material respects, effective internal control over financial reporting as of **December 31, 2023** **December 31, 2024**, based on criteria established in Internal Control — Integrated Framework (2013) issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the financial statements of the Firm as of and for the year ended **December 31, 2023** **December 31, 2024** and our report dated **February 22, 2024** **February 21, 2025** expressed an unqualified opinion on those financial statements.

Basis for Opinion

The Firm's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Firm's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Firm in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting,

/s/ Deloitte & Touche LLP
New York, New York
February **22, 2024** **21, 2025**

assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.



Changes in Internal Control Over Financial Reporting

No change in the Firm's internal control over financial reporting (as such term is defined in Exchange Act Rule 13a-15(f)) occurred during the quarter ended **December 31, 2023** **December 31, 2024** that materially affected, or is reasonably likely to materially affect, the Firm's internal control over financial reporting.

Other Information

On February 20, 2024 the Compensation, Management Development and Succession Committee of the Board of Directors ("CMDS Committee") of Morgan Stanley approved amendments to each of the award certificates ("Award Certificates") covering all outstanding performance stock units granted under the Morgan Stanley Equity Incentive Compensation Plan, including to executive officers of the Firm. Under the original terms of the Award Certificates, upon termination of employment due to death or disability, the participant vests in a prorated portion of the shares earned by applying the performance multiplier based on service during the performance period. The CMDS Committee amended each Award Certificate to provide that, upon termination of employment due to death or disability, the participant vests in the full number of shares earned by applying the performance multiplier. Providing for full vesting of performance stock units upon termination of employment due to death or disability is consistent with the provisions of Morgan Stanley's restricted stock units.

This description of the Award Certificates is qualified in its entirety by reference to the full text of the Award Certificates, a form of which is filed hereto as Exhibit 10.22. **None**

Disclosure Regarding Foreign Jurisdictions That Prevent Inspections

Not applicable.

Unresolved Staff Comments

The Firm from time to time receives written comments from the staff of the SEC regarding its periodic or current reports under the Exchange Act. There are no comments that remain unresolved that the Firm received not less than 180 days before the end of the year to which this report relates that the Firm believes are material.

Properties

We have offices, operations and data centers located around the world. Our global headquarters and principal executive offices are located at 1585 Broadway, New York, New York. Our other principal offices include locations in Manhattan and the greater New York metropolitan area, London, Frankfurt, Hong Kong and Tokyo. Our current facilities are adequate for our present and future operations for each of our business

Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Morgan Stanley's common stock trades under the symbol "MS" on the New York Stock Exchange. As of **January 31, 2024** **January 31, 2025**, the Firm had **46,887** **44,836** holders of record; however, the Firm believes the number of beneficial owners of the Firm's common stock exceeds this number.

The table below sets forth the information with respect to purchases made by or on behalf of the Firm of its common stock during the fourth quarter of the year ended **December 31, 2023** **December 31, 2024**.

Issuer Purchases of Equity Securities

\$ in millions, except per share						\$ in millions, except per share					
		Total Shares Purchased		Total Dollar Value				Total Shares Purchased		Total Dollar Value	
except per share	Number of Shares	Average Price	Repurchase	Authorized	Remaining	except per share	Number of Shares	Average Price	Repurchase	Authorized	Remaining

segments, although we may add offices, depending upon our future operations.

Legal Proceedings

See "Contingencies—Legal" in Note 14 to the Financial Statements for information about our material legal proceedings.

Mine Safety Disclosures

Not applicable.

share data	data	Purchased:	Paid per Share:	Programs:	Repurchase	data	Purchased:	Paid per Share:	Programs:	Repurchase
October										
November										
December										
Three Months Ended December 31, 2023										
Three Months Ended December 31, 2024										

1. Includes 543,380 510,563 shares acquired by the Firm in satisfaction of the tax withholding obligations on stock-based awards granted under the Firm's stock-based compensation plans during the three months ended December 31, 2023 December 31, 2024.
2. Excludes excise tax of \$12 million \$7 million levied on share repurchases, net of issuances, payable in April 2024, 2025.
3. Share purchases under publicly announced authorizations are made pursuant to open-market purchases, Rule 10b5-1 plans or privately negotiated transactions (including with employee benefit plans) as market conditions warrant and at prices the Firm deems appropriate and may be suspended at any time.
4. The Firm's Firm announced that its Board of Directors has approved the reauthorized a multi-year repurchase authorization of the Firm's up to \$20 billion of outstanding common stock under a share repurchase authorization (the "Share Repurchase Authorization") from time to time as conditions warrant and subject to limitations on distributions from the Federal Reserve. The Share Repurchase Authorization is for capital management purposes and considers, among other things, business segment capital needs, as well as equity-based compensation and benefit plan requirements. The Share Repurchase Authorization has no set expiration or termination date.

On June 30, 2023 June 28, 2024, the Firm announced that its Board of Directors reauthorized a multi-year repurchase authorization of up to \$20 billion of outstanding common stock, without a set expiration date, beginning in the third quarter of 2023, 2024, which will be exercised from time to time as conditions warrant. For further information, see "Liquidity and Capital Resources—Regulatory Requirements—Capital Plans, Stress Tests and the Stress Capital Buffer."

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Stock Performance Graph

The following graph compares the cumulative total shareholder return (rounded to the nearest whole dollar) of the Firm's common stock, the S&P 500 Stock Index and the S&P 500 Financials Sector Index for the last five years. The graph assumes a \$100 investment at the closing price on December 31, 2018 December 31, 2019 and reinvestment of dividends on the respective dividend payment dates without commissions. This graph does not forecast future performance of the Firm's common stock.

Cumulative Total Return

December 31, 2018 2019 – December 31, 2023 December 31, 2024

2909

	At December 31,					At December 31,
	2018	2019	2020	2021	2022	2023
	2019	2020	2021	2022	2023	2024

Morgan Stanley

S&P 500 Stock Index

S&P 500 Financials Sector Index

Directors, Executive Officers and Corporate Governance

Information relating to the Firm's directors and nominees in the Firm's definitive proxy statement for its 2024 2025 annual meeting of shareholders ("Morgan Stanley's proxy statement") is incorporated by reference herein.

Information relating to the Firm's executive officers is contained in the "Business" section of this report under "Information about Our Executive Officers."

Morgan Stanley's Code of Ethics and Business Conduct applies to all directors, officers and employees, including its Chief Executive Officer, Chief Financial Officer and Deputy Chief Financial Officer. You can find the Code of Ethics and Business Conduct on the webpage, www.morganstanley.com/content/dam/msdotcom/en/about-us-governance/pdf/MS_Code_of_Ethics_and_Business_Conduct_2023.pdf [MS_Code_of_Ethics_and_Business_Conduct_2024.pdf](http://www.morganstanley.com/content/dam/msdotcom/en/about-us-governance/pdf/MS_Code_of_Ethics_and_Business_Conduct_2024.pdf). The Firm will post any amendments to the Code of Ethics and Business Conduct, and any waivers that are required to be disclosed by the rules of either the U.S. Securities and

Exchange Commission or the New York Stock Exchange LLC, on the webpage.

Information regarding Morgan Stanley's Global Policy for Transactions in Morgan Stanley Securities in Morgan Stanley's proxy statement is incorporated by reference herein. The full text of Morgan Stanley's Global Policy for Transactions in Morgan Stanley Securities is filed hereto as Exhibit 19.

Executive Compensation

Information relating to director and executive officer compensation in Morgan Stanley's proxy statement is incorporated by reference herein.

Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Information relating to equity compensation plans and security ownership of certain beneficial owners and management in Morgan Stanley's proxy statement is incorporated by reference herein.

Certain Relationships and Related Transactions and Director Independence

Information regarding certain relationships and related transactions in Morgan Stanley's proxy statement is incorporated by reference herein.

Information regarding director independence in Morgan Stanley's proxy statement is incorporated by reference herein.

Principal Accountant Fees and Services

Information regarding principal accountant fees and services in Morgan Stanley's proxy statement is incorporated by reference herein.

Exhibits and Financial Statement Schedules

Documents filed as part of this report

- The financial statements required to be filed in this annual report on Form 10-K are included in the section titled "Financial Statements and Supplementary Data."

Exhibit Index:

Certain of the following exhibits, as indicated parenthetically, were previously filed as exhibits to registration statements filed by Morgan Stanley or its predecessor companies under the Securities Act or to reports or registration statements filed by Morgan Stanley or its predecessor companies under the Exchange Act and are hereby incorporated by reference to such statements or reports. Morgan Stanley's Exchange Act file number is 1-11758. The Exchange Act file number of Morgan Stanley Group Inc., a predecessor company ("MSG"), was 1-9085.



Exhibit No. Description

3.1	Amended and Restated Certificate of Incorporation of Morgan Stanley, as amended to date (Exhibit 3.1 to Morgan Stanley's quarterly report on Form 10-Q for the quarter ended June 30, 2022 June 30, 2024).
3.2	Amended and Restated Bylaws of Morgan Stanley, as amended to date (Exhibit 3.1 to Morgan Stanley's current report on Form 8-K dated December 8, 2023).
4.1*	Description of Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934.
4.2	Amended and Restated Senior Indenture dated as of May 1, 1999 between Morgan Stanley and The Bank of New York, as trustee (Exhibit 4e to Morgan Stanley's Registration Statement on Form S-3/A (No. 333-75289) as amended by Fourth Supplemental Senior Indenture dated as of October 8, 2007 (Exhibit 4.3 to Morgan Stanley's annual report on Form 10-K for the fiscal year ended November 30, 2007).
4.3	Senior Indenture dated as of November 1, 2004 between Morgan Stanley and The Bank of New York, as trustee (Exhibit 4-f to Morgan Stanley's Registration Statement on Form S-3/A (No. 333-117752), as amended by First Supplemental Senior Indenture dated as of September 4, 2007 (Exhibit 4.5 to Morgan Stanley's annual report on Form 10-K for the fiscal year ended November 30, 2007), Second Supplemental Senior Indenture dated as of January 4, 2008 (Exhibit 4.1 to Morgan Stanley's current report on Form 8-K dated January 4, 2008), Third Supplemental Senior Indenture dated as of September 10, 2008 (Exhibit 4 to Morgan Stanley's quarterly report on Form 10-Q for the quarter ended August 31, 2008), Fourth Supplemental Senior Indenture dated as of December 1, 2008 (Exhibit 4.1 to Morgan Stanley's current report on Form 8-K dated December 1, 2008), Fifth Supplemental Senior Indenture dated as of April 1, 2009 (Exhibit 4 to Morgan Stanley's quarterly report on Form 10-Q for the quarter ended March 31, 2009), Sixth Supplemental Senior Indenture dated as of September 16, 2011 (Exhibit 4.1 to Morgan Stanley's quarterly report on Form 10-Q for the quarter ended September 30, 2011), Seventh Supplemental Senior Indenture dated as of November 21, 2011 (Exhibit 4.4 to Morgan Stanley's annual report on Form 10-K for the year ended December 31, 2011), Eighth Supplemental Senior Indenture dated as of May 4, 2012 (Exhibit 4.1 to Morgan Stanley's quarterly report on Form 10-Q for the quarter ended June 30, 2012), Ninth Supplemental Senior Indenture dated as of March 10, 2014 (Exhibit 4.1 to Morgan Stanley's quarterly report on Form 10-Q for the quarter ended March 31, 2014), Tenth Supplemental Senior Indenture dated as of January 11, 2017 (Exhibit 4.1 to Morgan Stanley's current report on Form 8-K dated January 11, 2017) and Eleventh Supplemental Senior Indenture dated as of March 24, 2021 (Exhibit 4.4 to Morgan Stanley's annual report on Form 10-K for the year ended December 31, 2021).

Exhibit No. Description

4.4	The Unit Agreement Without Holders' Obligations, dated as of August 29, 2008, between Morgan Stanley and The Bank of New York Mellon, as Unit Agent, as Trustee and Paying Agent under the Senior Indenture referred to therein and as Warrant Agent under the Warrant Agreement referred to therein (Exhibit 4.1 to Morgan Stanley's current report on Form 8-K dated August 29, 2008).
4.5	Subordinated Indenture dated as of October 1, 2004 between Morgan Stanley and The Bank of New York, as trustee (Exhibit 4-g to Morgan Stanley's Registration Statement on Form S-3/A (No. 333-117752)).
4.6	Junior Subordinated Indenture dated as of October 12, 2006 between Morgan Stanley and The Bank of New York, as trustee (Exhibit 4.1 to Morgan Stanley's current report on Form 8-K dated October 12, 2006).
4.7	Deposit Agreement dated as of July 6, 2006 among Morgan Stanley, JPMorgan Chase Bank, N.A. and the holders from time to time of the depositary receipts described therein (Exhibit 4.3 to Morgan Stanley's quarterly report on Form 10-Q for the quarter ended May 31, 2006).
4.8	Form of Deposit Agreement among Morgan Stanley, JPMorgan Chase Bank, N.A. and the holders from time to time of the depositary receipts representing interests in the Series A Preferred Stock described therein (Exhibit 2.4 to Morgan Stanley's Registration Statement on Form 8-A dated July 5, 2006).
4.9	Depositary Receipt for Depositary Shares, representing Floating Rate Non-Cumulative Preferred Stock, Series A (included in Exhibit 4.8 hereto).
4.10	Form of Deposit Agreement among Morgan Stanley, The Bank of New York Mellon and the holders from time to time of the depositary receipts representing interests in the Series E Preferred Stock described therein (Exhibit 2.6 to Morgan Stanley's Registration Statement on Form 8-A dated September 27, 2013).
4.11	Depositary Receipt for Depositary Shares, representing Fixed-to-Floating Rate Non-Cumulative Preferred Stock, Series E (included in Exhibit 4.10 hereto).
4.12	Form of Deposit Agreement among Morgan Stanley, The Bank of New York Mellon and the holders from time to time of the depositary receipts representing interests in the Series F Preferred stock described therein (Exhibit 2.4 to Morgan Stanley's Registration Statement on Form 8-A dated December 9, 2013).
4.13	Depositary Receipt for Depositary Shares, representing Fixed-to-Floating Rate Non-Cumulative Preferred Stock, Series F (included in Exhibit 4.12 hereto).

Exhibit No.	Description	Exhibit No.	Description
4.14	Form of Deposit Agreement among Morgan Stanley, The Bank of New York Mellon and the holders from time to time of the depositary receipts representing interests in the Series I Preferred stock described therein (Exhibit 2.4 to Morgan Stanley's Registration Statement on Form 8-A dated September 17, 2014).	4.25	Depositary Receipt for Depositary Shares, representing 6.500% Non-Cumulative Preferred Stock, Series P (included in Exhibit 4.24 hereto).
4.15	Depositary Receipt for Depositary Shares, representing Fixed-to-Floating Rate Non-Cumulative Preferred Stock, Series I (included in Exhibit 4.14 hereto).		
4.16	Form of Deposit Agreement among Morgan Stanley, The Bank of New York Mellon and the holders from time to time of the depositary receipts representing interests in the Series K Preferred Stock described therein (Exhibit 2.4 to Morgan Stanley's Registration Statement on Form 8-A dated January 30, 2017).		
4.17	Depositary Receipt for Depositary Shares, representing Fixed-to-Floating Rate Non-Cumulative Preferred Stock, Series K (included in Exhibit 4.16 hereto).		
4.18	Form of Deposit Agreement among Morgan Stanley, The Bank of New York Mellon and the holders from time to time of the depositary receipts representing interests in the Series L Preferred Stock described therein (Exhibit 2.4 to Morgan Stanley's Registration Statement on Form 8-A dated November 22, 2019).		
4.19	Depositary Receipt for Depositary Shares, representing 4.875% Non-Cumulative Preferred Stock, Series L (included in Exhibit 4.18 hereto).		
4.20	Form of Deposit Agreement among Morgan Stanley, The Bank of New York Mellon and the holders from time to time of the depositary receipts representing interests in the Series N Preferred Stock described therein (Exhibit 4.5 to Morgan Stanley's current report on Form 8-K dated October 2, 2020).		
4.21	Depositary Receipt for Depositary Shares, representing Fixed-to-Floating Rate Non-Cumulative Preferred Stock, Series N (included in Exhibit 4.20 hereto).		
4.22	Form of Deposit Agreement among Morgan Stanley, The Bank of New York Mellon and the holders from time to time of the depositary receipts representing interests in the Series O Preferred Stock described therein (Exhibit 2.4 to Morgan Stanley's Registration Statement on Form 8-A dated October 22, 2021).		
4.23	Depositary Receipt for Depositary Shares, representing 4.250% Non-Cumulative Preferred Stock, Series O (included in Exhibit 4.22 hereto).		
4.24	Form of Deposit Agreement among Morgan Stanley, The Bank of New York Mellon and the holders from time to time of the depositary receipts representing interests in the Series P Preferred Stock described therein (Exhibit 2.4 to Morgan Stanley's Registration Statement on Form 8-A dated August 1, 2022).		
4.26	Form of Deposit Agreement among Morgan Stanley, The Bank of New York Mellon and the holders		

from time to time of the depositary receipts representing interests in the Series Q Preferred Stock described therein ([Exhibit 2.4](#) to Morgan Stanley's Registration Statement on Form 8-A dated July 29, 2024).

Exhibit No.	Description	Depository
	Receipt for Depository Shares, representing 6.625% Non-Cumulative Preferred Stock, Series Q (included in Exhibit 4.26 hereto).	
10.1	Amended and Restated Trust Agreement dated as of January 1, 2018 by and between Morgan Stanley and State Street Bank and Trust Company (Exhibit 10.1 to Morgan Stanley's quarterly report on Form 10-Q for the quarter ended March 31, 2018).	
10.2	Amended and Restated Investor Agreement dated as of June 30, 2011 by and between Morgan Stanley and Mitsubishi UFJ Financial Group, Inc. (Exhibit 10.1 to Morgan Stanley's current report on Form 8-K dated June 30, 2011), as amended by Third Amendment, dated October 3, 2013 (Exhibit 10.1 to Morgan Stanley's quarterly report on Form 10-Q for the quarter ended September 30, 2013), Fourth Amendment,	

dated April 6, 2016 ([Exhibit 10.1](#) to Morgan Stanley's quarterly report on Form 10-Q for the quarter ended March 31, 2016), Fifth Amendment, dated October 4, 2018 ([Exhibit 10.3](#) to Morgan Stanley's annual report on Form 10-K for the year ended December 31, 2020), Sixth Amendment, dated April 13, 2021 ([Exhibit 10.1](#) to Morgan Stanley's quarterly report on Form 10-Q for the quarter ended June 30, 2021) and Seventh Amendment, dated October 13, 2023 ([Exhibit 10.1](#) to Morgan Stanley's quarterly report on Form 10-Q for the quarter ended September 30, 2023).

10.3†

Morgan Stanley 401(k) Plan, amended and restated as of January 1, 2018 ([Exhibit 10.4](#) to Morgan Stanley's annual report on Form 10-K for the year ended December 31, 2018), as amended by Amendment ([Exhibit 10.4](#) to Morgan Stanley's annual report on Form 10-K for the year ended December 31, 2019) and), Amendment ([Exhibit 10.6](#) to Morgan Stanley's annual report on Form 10-K for the year ended December 31, 2020), Amendment ([Exhibit 10.4](#) to Morgan Stanley's annual report on Form 10-K for the year ended December 31, 2021) and), Amendment ([Exhibit 10.4](#) to Morgan

Stanley's annual report on Form 10-K for the year ended December 31, 2022) and Amendment (Exhibit 10.4 to Morgan Stanley's annual report on Form 10-K for the year ended December 31, 2023).

10.4†* [Amendment to Morgan Stanley 401\(k\) Plan, dated December 15, 2023](#).

10.5† Tax Deferred Equity Participation Plan as amended and restated as of November 26, 2007 (Exhibit 10.9 to Morgan Stanley's annual report on Form 10-K for the fiscal year ended November 30, 2007).

10.6†* [Directors' Equity Capital Accumulation Plan as amended and restated as of November 1, 2022 \(November 1, Exhibit 10.6 2024\)](#).



Exhibit No. Description

10.7† Employees' Equity Accumulation Plan as amended and restated as of November 26, 2007 (Exhibit 10.12 to Morgan Stanley's annual report on Form 10-K for the fiscal year ended November 30, 2007).

10.8† Employee Stock Purchase Plan as amended and restated as of August 1, 2022 (Exhibit 10.8 to Morgan Stanley's annual report on Form 10-K for the year ended December 31, 2022).



Exhibit No.	Description
10.9†	Morgan Stanley Supplemental Executive Retirement and Excess Plan, amended and restated effective December 31, 2008 (Exhibit 10.2 to Morgan Stanley's quarterly report on Form 10-Q for the quarter ended March 31, 2009) as amended by Amendment (Exhibit 10.5 to Morgan Stanley's quarterly report on Form 10-Q for the quarter ended June 30, 2009), Amendment (Exhibit 10.19 to Morgan Stanley's annual report on Form 10-K for the year ended December 31, 2010), Amendment (Exhibit 10.3 to Morgan Stanley's quarterly report on Form 10-Q for the quarter ended June 30, 2011) and Amendment (Exhibit 10.1 to Morgan Stanley's quarterly report on Form 10-Q for the quarter ended September 30, 2014).
10.10†	Form of Deferred Compensation Agreement under the Pre-Tax Incentive Program 2 (Exhibit 10.12 to MSG's annual report for the fiscal year ended November 30, 1996).
10.11†	Morgan Stanley UK Share Ownership Plan (Exhibit 4.1 to Morgan Stanley's Registration Statement on Form S-8 (No. 333-146954)).
10.12†	Supplementary Deed of Participation for the Morgan Stanley UK Share Ownership Plan, dated as of November 5, 2009 (Exhibit 10.36 to Morgan Stanley's annual report on Form 10-K for the year ended December 31, 2009).
10.13†	Aircraft Time-Sharing Agreement, dated as of January 1, 2010, by and between Corporate Services Support Corp. and James P. Gorman (Exhibit 10.1 to Morgan Stanley's quarterly report on Form 10-Q for the quarter ended March 31, 2010).
10.14†	Agreement between Morgan Stanley and James P. Gorman, dated August 16, 2005, and amendment dated December 17, 2008 (Exhibit 10.2 to Morgan Stanley's quarterly report on Form 10-Q for the quarter ended March 31, 2010), as amended by Amendment (Exhibit 10.25 to Morgan Stanley's annual report on Form 10-K for the year ended December 31, 2013).
10.15†	Form of Restrictive Covenant Agreement (Exhibit 10 to Morgan Stanley's current report on Form 8-K dated November 22, 2005).
10.16†	Equity Incentive Compensation Plan, as amended and restated as of December 14, 2020 (Exhibit 10.19 to Morgan Stanley's annual report on Form 10-K for the year ended December 31, 2020).
10.17†*	Morgan Stanley Compensation Incentive Plan, as amended and restated as of December 14, 2020 (Exhibit 10. December 1246 to Morgan Stanley's annual report on Form 10-K for the year ended December 31, 2020), 2024.
10.18†*	Morgan Stanley Schedule of Non-Employee Directors Annual Compensation, effective as of November 1, 2022 (Exhibit 10.18 202 to Morgan Stanley's annual report on Form 10-K for the year ended December 31, 2022), 4.
10.19†	Description of Operating Committee Medical Coverage (*Exhibit 10.2 to Morgan Stanley's quarterly report on Form 10-Q for the quarter ended March 31, 2015).
10.20†*	Form Description of Award Certificate for Discretionary Retention Awards of Stock Units Executive Health Coverage.

Exhibit No.	Description
10.21†*	Form of Award Certificate for Discretionary Retention Awards of Stock Units (Exhibit 10.20orm to Morgan Stanley's annual report on Form 10-K for the year ended December 31, 2023).
10.21†	Form of Award Certificate for Discretionary Retention Awards under the Morgan Stanley Compensation Incentive Plan (Exhibit 10.21, to Morgan Stanley's annual report on Form 10-K for the year ended December 31, 2023).
10.22†*	Form of Award Certificate for Long-Term Incentive Program Performance Stock Unit Awards.
10.23†	Form of Aircraft Time-Sharing Agreement (Exhibit 10.1 to Morgan Stanley's quarterly report on Form 10-Q for the quarter ended September 30, 2020).
19*	Global Policy for Transactions in Morgan Stanley Securities.
21*	Subsidiaries of Morgan Stanley.
22*	Guarantor and Subsidiary Issuer of Registered Guaranteed Securities.
23.1*	Consent of Deloitte & Touche LLP.
24	Powers of Attorney (included on signature page).
31.1*	Rule 13a-14(a) Certification of Chief Executive Officer.
31.2*	Rule 13a-14(a) Certification of Chief Financial Officer.
32.1**	Section 1350 Certification of Chief Executive Officer.
32.2**	Section 1350 Certification of Chief Financial Officer.
97*97	Morgan Stanley Compensation Recoupment Policy, Policy (Exhibit 97 to Morgan Stanley's annual report on Form 10-K for the year ended December 31, 2023).
101	Interactive Data Files pursuant to Rule 405 of Regulation S-T formatted in Inline eXtensible Business Reporting Language ("Inline XBRL").
104	Cover Page Interactive Data File (formatted in Inline XBRL and contained in Exhibit 101).

1. For purposes of this Exhibit Index, references to "The Bank of New York" mean in some instances the entity successor to JPMorgan Chase Bank, N.A. or J.P. Morgan Trust Company, National Association; references to "JPMorgan Chase Bank, N.A." mean the entity formerly known as The Chase Manhattan Bank, in some instances as the successor to Chemical Bank; references to "J.P. Morgan Trust Company, N.A." mean the entity formerly known as Bank One Trust Company, N.A., as successor to The First National Bank of Chicago.

* Filed herewith.

** Furnished herewith.

† Management contract or compensatory plan or arrangement required to be filed as an exhibit to this Form 10-K pursuant to Item 15(b).

Note: Other instruments defining the rights of holders of long-term debt securities of Morgan Stanley and its subsidiaries are omitted pursuant to Section (b)(4)(iii) of Item 601 of Regulation S-K. Morgan Stanley hereby agrees to furnish copies of these instruments to the U.S. Securities and Exchange Commission upon request.



Form 10-K Summary

None.



<u>/s/ JAMI MISCIK</u> (Jami Miscik)	Director
<u>/s/ MASATO MIYACHI</u> (Masato Miyachi)	Director
<u>/s/ DENNIS M. NALLY</u> (Dennis M. Nally)	Director
<u>/s/ MARY L. SCHAPIRO</u> (Mary L. Schapiro)	Director
<u>/s/ PERRY M. TRAQUINA</u> (Perry M. Traquina)	Director
<u>/s/ RAYFORD WILKINS, JR.</u> (Rayford Wilkins, Jr.)	Director

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EXHIBIT 4.1

**DESCRIPTION OF THE SECURITIES
REGISTERED PURSUANT TO SECTION 12 OF THE
SECURITIES EXCHANGE ACT OF 1934**

As of February 22, 2024 February 21, 2025, Morgan Stanley has three classes of securities registered under Section 12 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"): (1) common stock; (2) eight nine series of depositary shares representing interests in preferred stock; and (3) two issuances of Global Medium-Term Notes, Series A of Morgan Stanley Finance LLC (and Morgan Stanley's guarantees with respect thereto).

Authorized Capital Stock

Morgan Stanley's authorized capital stock consists of 3,500,000,000 shares of common stock, par value \$0.01 per share, and 30,000,000 shares of preferred stock, par value \$0.01 per share.

DESCRIPTION OF COMMON STOCK

The following description of common stock is a summary and does not purport to be complete. You should refer to our Amended and Restated Certificate of Incorporation and our Amended and Restated Bylaws. Copies of our Amended and Restated Certificate of Incorporation and our Amended and Restated Bylaws are incorporated by reference as Exhibits to the Form 10-K. We encourage you to read these documents.

Voting Rights. Each holder of Morgan Stanley's common stock has one vote per share on all matters voted on generally by the stockholders, including the election of directors. Except as otherwise required by law or as provided with respect to any series of preferred stock, the holders of Morgan Stanley's common stock will possess all voting power. At each annual meeting of stockholders, the Board of Directors will be elected by a majority vote or, in the event of a contested election, a plurality vote of all votes cast at such meeting to hold office until the next annual meeting of stockholders, with each director to hold office until his or her successor shall have been duly elected and qualified. Because Morgan Stanley's certificate of incorporation does not provide for cumulative voting rights, the holders of a majority of the voting power of the then outstanding shares of capital stock entitled to be voted generally in the election of directors, which is referred to as the "voting stock," represented at a meeting will be able to elect all the directors standing for election at the meeting.

Dividends. The holders of Morgan Stanley's common stock are entitled to share equally in dividends as may be declared by the Board of Directors out of funds legally available therefor, but only after payment of dividends required to be paid on outstanding shares of offered preferred stock and any other class or series of stock having preference over the common stock as to dividends.

Liquidation Rights. Upon voluntary or involuntary liquidation, dissolution or winding up of Morgan Stanley, the holders of the common stock will share pro rata in the assets remaining after payments to creditors and holders of any offered preferred stock and any other class or series of stock having preference over the common stock upon liquidation, dissolution or winding up that may be then outstanding.

Because Morgan Stanley is a holding company, its rights and the rights of holders of its capital stock, including the holders of its common stock, to participate in the distribution of assets of any of Morgan Stanley's subsidiaries upon the subsidiary's liquidation or recapitalization will be subject to the prior claims of the subsidiary's creditors and preferred shareholders, except to the extent Morgan Stanley may itself be a creditor with recognized claims against the subsidiary or a holder of preferred stock of the subsidiary.

Other Rights and Preferences. There are no preemptive or other subscription rights, conversion rights or redemption or sinking fund provisions with respect to shares of Morgan Stanley's common stock. All of the issued shares of Morgan Stanley's common stock are fully paid and non-assessable.

Listing. Morgan Stanley's common stock is traded on the New York Stock Exchange under the trading symbol "MS."

DESCRIPTION OF DEPOSITARY SHARES REPRESENTING INTERESTS IN SHARES OF PREFERRED STOCK

The following description is a summary and does not purport to be complete. You should refer to our Amended and Restated Certificate of Incorporation, the certificate of designation relating to each series of Listed Preferred Stock (as defined below) and the deposit agreement relating to each series of depositary shares for the complete terms of that series of Listed Preferred Stock and related depositary shares. Copies of our Amended and Restated Certificate of Incorporation and these certificates of designations and deposit agreements are incorporated by reference as Exhibits to the Form 10-K. We encourage you to read these documents.

Depositary Shares

As of **December 31, 2023** **December 31, 2024**, Morgan Stanley has the following depositary shares registered under Section 12 of the Exchange Act:

- Depositary Shares, each representing 1/1,000th interest in a share of Floating Rate Non-Cumulative Preferred Stock, Series A, \$0.01 par value, which is referred to as the Series A Preferred Stock;
- Depositary Shares, each representing 1/1,000th interest in a share of Fixed-to-Floating Rate Non-Cumulative Preferred Stock, Series E, \$0.01 par value, which is referred to as the Series E Preferred Stock;
- Depositary Shares, each representing 1/1,000th interest in a share of Fixed-to-Floating Rate Non-Cumulative Preferred Stock, Series F, \$0.01 par value, which is referred to as the Series F Preferred Stock;
- Depositary Shares, each representing 1/1,000th interest in a share of Fixed-to-Floating Rate Non-Cumulative Preferred Stock, Series I, \$0.01 par value, which is referred to as the Series I Preferred Stock;
- Depositary Shares, each representing 1/1,000th interest in a share of Fixed-to-Floating Rate Non-Cumulative Preferred Stock, Series K, \$0.01 par value, which is referred to as the Series K Preferred Stock;
- Depositary Shares, each representing 1/1,000th interest in a share of 4.875% Non-Cumulative Preferred Stock, Series L, \$0.01 par value, which is referred to as the Series L Preferred Stock;
- Depositary Shares, each representing 1/1,000th interest in a share of 4.250% Non-Cumulative Preferred Stock, Series O, \$0.01 par value, which is referred to as the Series O Preferred Stock; **and**
- Depositary Shares, each representing 1/1,000th interest in a share of 6.500% Non-Cumulative Preferred Stock, Series P, \$0.01 par value, which is referred to as the Series P Preferred Stock; **and**
- Depositary Shares, each representing 1/1,000th interest in a share of 6.625% Non-Cumulative Preferred Stock, Series Q, \$0.01 par value, which is referred to as the Series Q Preferred Stock.

Morgan Stanley refers to the above series of preferred stock represented by depositary shares collectively as the "Listed Preferred Stock."

The shares of each series of Listed Preferred Stock have been deposited under a deposit agreement for such series among Morgan Stanley, The Bank of New York Mellon, acting as depositary, which is referred to as the Preferred Stock Depositary, and the holders from time to time of depositary receipts issued under the agreement (each such deposit agreement, with respect to the series of Listed Preferred Stock to which it relates, a "deposit agreement"). Subject to the terms of the deposit agreement, each holder of a depositary share will be entitled, in proportion to the fraction of a share of Listed Preferred Stock represented by that depositary share, to all the rights and preferences of the Listed Preferred Stock represented by that depositary share, including dividend, voting and liquidation rights.

The depositary shares are evidenced by depositary receipts issued under the deposit agreement. Depositary receipts are distributed to those persons purchasing the fractional shares of the related series of Listed Preferred Stock. Immediately following the issuance of shares of a series of Listed Preferred Stock, Morgan Stanley deposited those shares with the Preferred Stock Depositary, which then issued and delivered the depositary receipts to the purchasers. Depositary receipts have been and will only be issued evidencing whole depositary shares. A depositary receipt may evidence any number of whole depositary shares.

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Dividends and Other Distributions. The Preferred Stock Depositary will distribute all cash dividends or other cash distributions received on the related series of Listed Preferred Stock to the record holders of depositary receipts relating to those series in proportion to the number of the depositary shares evidenced by depositary receipts those holders own.

If Morgan Stanley makes a distribution other than in cash, the Preferred Stock Depositary will distribute the property it receives to the record holders of depositary receipts in proportion to the number of depositary shares

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evidenced by depositary receipts those holders own, unless the Preferred Stock Depositary determines that the distribution cannot be made proportionately among those holders or that it is not feasible to make the distribution. In that event, the Preferred Stock Depositary may, with Morgan Stanley's approval, sell the property and distribute the net proceeds to the holders in proportion to the number of depositary shares evidenced by depositary receipts they own.

The amount distributed to holders of depositary shares will be reduced by any amounts required to be withheld by Morgan Stanley or the Preferred Stock Depositary on account of taxes or other governmental charges.

Withdrawal of Stock. Upon surrender of the depositary receipts at the corporate trust office of the Preferred Stock Depositary and upon payment of the taxes, charges and fees provided for in the deposit agreement and compliance with any other requirement of the deposit agreement, the holder of the depositary shares evidenced by those depositary receipts is entitled to delivery of the number of whole shares of the related series of Listed Preferred Stock and all money or other property, if any, represented by those shares. Holders of depositary receipts representing any number of whole shares of Listed Preferred Stock will be entitled to receive whole shares of the related series of Listed Preferred Stock, but those holders of whole shares of Listed Preferred Stock will not thereafter be entitled to deposit those shares of Listed Preferred Stock with the Preferred Stock Depositary or to receive depositary shares therefor. If the depositary receipts delivered by the holder evidence a number of depositary shares in excess of the number representing whole shares of the related series of Listed Preferred Stock to be withdrawn, the Preferred Stock Depositary will deliver to the holder at the same time a new depositary receipt evidencing the excess number of depositary shares.

Voting the Listed Preferred Stock. Upon receiving notice of any meeting at which the holders of any series of the Listed Preferred Stock are entitled to vote, the Preferred Stock Depositary will mail the information contained in the notice of the meeting to the record holders of the depositary receipts relating to that series of Listed Preferred Stock. Each record holder of the depositary receipts on the record date, which will be the same date as the record date for the related series of Listed Preferred Stock, may instruct the Preferred Stock Depositary how to exercise his or her voting rights. The Preferred Stock Depositary will endeavor, insofar as practicable, to vote or cause to be voted the maximum number of whole shares of the Listed Preferred Stock represented by those depositary shares in accordance with those instructions received sufficiently in advance of the meeting, and Morgan Stanley will agree to take all reasonable action that may be deemed necessary by the Preferred Stock Depositary in order to enable the Preferred Stock Depositary to do so. The Preferred Stock Depositary will abstain from voting shares of the Listed Preferred Stock for which it does not receive specific instructions from the holder of the depositary shares representing them.

Redemption of Depositary Shares. Depositary shares will be redeemed from any proceeds received by the Preferred Stock Depositary resulting from the redemption, in whole or in part, of the series of the Listed Preferred Stock represented by those depositary shares. The redemption price per depositary share will equal the applicable fraction of the redemption price per share payable with respect to the series of the Listed Preferred Stock. If Morgan Stanley redeems shares of a series of Listed Preferred Stock held by the Preferred Stock Depositary, the Preferred Stock Depositary will redeem as of the same redemption date the number of depositary shares representing the shares of Listed

Preferred Stock that it redeems. If less than all the depositary shares will be redeemed, the depositary shares to be redeemed will be selected by lot or substantially equivalent method determined by the Preferred Stock Depositary.

After the date fixed for redemption, the depositary shares called for redemption will no longer be deemed to be outstanding, and all rights of the holders of the depositary shares will cease, except the right to receive the monies payable and any other property to which the holders were entitled upon the redemption upon surrender to the Preferred Stock Depositary of the depositary receipts evidencing the depositary shares. Any funds deposited by

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Morgan Stanley with the Preferred Stock Depositary for any depositary shares that the holders fail to redeem will be returned to it after a period of two years from the date the funds are deposited.

Amendment and Termination of the Deposit Agreement. Morgan Stanley may amend the form of depositary receipt evidencing the depositary shares and any provision of the deposit agreement at any time and from time to time by agreement with the Preferred Stock Depositary. However, any amendment that materially and adversely alters the rights of the holders of depositary receipts will not be effective unless it has been approved by the holders of at least a majority of the depositary shares then outstanding, and no amendment may impair the right of any holder of any depositary receipts, described above under "—Withdrawal of Stock," to receive shares of the related series of Listed Preferred Stock and any money or other property represented by those depositary shares, except in order to comply with mandatory provisions of applicable law. Morgan Stanley may terminate the deposit agreement at any time with at least 60 days' prior written notice to the Preferred Stock Depositary. Within 30 days of the date of the notice, the Preferred Stock Depositary will deliver or make available for delivery to holders of depositary receipts, upon surrender of the depositary receipts evidencing the depositary shares and upon payment of any applicable taxes or governmental charges to be paid by the holders as described below, the number of whole shares of the related series of Listed Preferred Stock as are represented by the depositary receipts. The deposit agreement will automatically terminate after there has been a final distribution on the related series of Listed Preferred Stock in

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connection with any liquidation, dissolution or winding up of Morgan Stanley and that distribution has been made to the holders of depositary shares.

Charges of Preferred Stock Depositary. Morgan Stanley will pay all transfer and other taxes and governmental charges arising solely from the existence of the depositary arrangements. Morgan Stanley will pay all charges of the Preferred Stock Depositary in connection with the initial deposit of the related series of Listed Preferred Stock, the initial issuance of the depositary shares, all withdrawals of shares of the related series of Listed Preferred Stock by holders of depositary shares and the registration of transfers of title to any depositary shares. However, holders of depositary shares will pay other transfer and other taxes and governmental charges and the other charges expressly provided in the deposit agreement to be for their accounts.

Limitation on Liability of Company and Preferred Stock Depositary. Neither the Preferred Stock Depositary nor Morgan Stanley will be liable if it is prevented or delayed by law, by any provision of Morgan Stanley's certificate of incorporation or of the depositary shares or by any circumstance beyond its control from performing its obligations under the deposit agreement. The obligations of Morgan Stanley and the Preferred Stock Depositary under the deposit agreement will be limited to performance with best judgment and in good faith of their duties thereunder, except that they will be liable for negligence or willful misconduct in the performance of their duties thereunder, and they will not be obligated to appear in, prosecute or defend any legal proceeding related to any depositary receipts, depositary shares or related series of Listed Preferred Stock unless satisfactory indemnity is furnished.

Corporate Trust Office of Preferred Stock Depositary. The address of the Preferred Stock Depositary's corporate trust office is 240 Greenwich Street, New York, New York 10286. The Preferred Stock Depositary will act as transfer agent, registrar and redemption agent for depositary receipts.

Resignation and Removal of Preferred Stock Depositary. The Preferred Stock Depositary may resign at any time by delivering to Morgan Stanley written notice of its election to do so, and Morgan Stanley may at any time remove the Preferred Stock Depositary. Any resignation or removal will take effect upon the appointment of a successor Preferred Stock Depositary. A successor must be appointed by Morgan Stanley within 60 days after delivery of the notice of resignation or removal and must be a bank or trust company having its principal office in the United States and a combined capital and surplus of at least \$50,000,000.

Reports to Holders. Morgan Stanley will deliver all required reports and communications to holders of the Listed Preferred Stock to the Preferred Stock Depositary, and it will forward those reports and communications to the holders of depositary shares.

Inspection by Holders. Upon request, the Preferred Stock Depository will provide for inspection to the holders of depository shares the transfer books of the depository and the list of holders of receipts; provided that any

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requesting holder certifies to the Preferred Stock Depository that such inspection is for a proper purpose reasonably related to such person's interest as an owner of depository shares evidenced by the receipts.

Listing. The depository shares representing the Series A Preferred Stock, the Series E Preferred Stock, the Series F Preferred Stock, the Series I Preferred Stock, the Series K Preferred Stock, the Series L Preferred Stock, the Series O Preferred Stock, the Series P Preferred Stock and the Series P Q Preferred Stock are traded on the New York Stock Exchange under the trading symbols "MS/PA," "MS/PE," "MS/PF," "MS/PI," "MS/PK," "MS/PL," "MS/PO," "MS/PP" and "MS/PP, PQ," respectively.

Existing Preferred Stock

As described above, Morgan Stanley has depository shares registered under Section 12 of the Exchange Act that represent interests in the Listed Preferred Stock. This section describes the Listed Preferred Stock, as well as other series of preferred stock issued by Morgan Stanley that are also relevant to describing the Listed Preferred Stock.

Unless otherwise indicated, the terms and provisions described below relate to each of the Series A Preferred Stock, the Series C Preferred Stock, the Series E Preferred Stock, the Series F Preferred Stock, the Series I Preferred Stock, the Series K Preferred Stock, the Series L Preferred Stock, the Series M Preferred Stock, the Series N Preferred Stock, the Series O Preferred Stock, the Series P Preferred Stock and the Series P Q Preferred Stock (collectively, the "Existing Preferred Stock"). Other than as described below, the terms of the Series A Preferred Stock, the Series C Preferred Stock, the Series E Preferred Stock, the Series F Preferred Stock, the Series I Preferred Stock, the Series K Preferred Stock, the Series L Preferred Stock, the Series M Preferred Stock, the Series N Preferred Stock, the Series O Preferred Stock, the Series P Preferred Stock and the Series P Q Preferred Stock are substantially similar.

Rank. Each series of Existing Preferred Stock ranks on a parity with each other and with the offered preferred stock as to payment of dividends and amounts payable upon liquidation, dissolution or winding up, except that the certificate of designation for the Series A Preferred Stock states that such series ranks, as to dividends, junior to any future issuance of cumulative preferred stock. Each series of Existing Preferred Stock ranks prior to the common

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stock as to payment of dividends and amounts payable on liquidation, dissolution or winding up. The shares of the Existing Preferred Stock are fully paid and nonassessable and have no preemptive rights.

Conversion. No shares of the Series A Preferred Stock, the Series C Preferred Stock, the Series E Preferred Stock, the Series F Preferred Stock, the Series I Preferred Stock, the Series K Preferred Stock, the Series L Preferred Stock, the Series M Preferred Stock, the Series N Preferred Stock, the Series O Preferred Stock, the Series P Preferred Stock or the Series P Q Preferred Stock are convertible at the option of the holder, or otherwise, into common stock.

Dividends. Holders of Existing Preferred Stock are entitled to receive, when and as declared by the Board of Directors out of legally available funds, cash dividends payable quarterly (except with respect to the Series M Preferred Stock, for which dividends are currently payable semi-annually) at the rate specified below.

- Series A Preferred Stock: noncumulative cash dividends at a per annum rate equal to the greater of (1) 4% and (2) (a) the three-month CME Term SOFR Reference Rate on the related dividend determination date plus a tenor spread adjustment of 0.26161% plus (b) 0.70%.
- Series C Preferred Stock: noncumulative cash dividends at a per annum rate equal to 10%.
- Series E Preferred Stock: noncumulative cash dividends at a per annum rate equal to 7.125%.
- Series F Preferred Stock: noncumulative cash dividends at a per annum rate equal to 6.875%.
- Series I Preferred Stock: noncumulative cash dividends at a per annum rate equal to 6.375%.
- Series K Preferred Stock: noncumulative cash dividends at a per annum rate equal to 5.85%.
- Series L Preferred Stock: noncumulative cash dividends at a per annum rate equal to 4.875%.

Series M Preferred Stock: noncumulative cash dividends at a per annum rate equal to 5.875%.

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Series N Preferred Stock: noncumulative cash dividends at a per annum rate equal to 5.30% with respect to each dividend period from and including September 15, 2020 to, but excluding, March 15, 2023 and at a rate per annum equal to (1) the three-month CME Term SOFR Reference Rate on the related dividend determination date plus a tenor spread adjustment of 0.26161% plus (2) 3.16% with respect to each dividend period from and including March 15, 2023.

Series O Preferred Stock: noncumulative cash dividends at a per annum rate equal to 4.250%.

Series P Preferred Stock: noncumulative cash dividends at a per annum rate equal to 6.500%.

Series Q Preferred Stock: noncumulative cash dividends at a per annum rate equal to 6.625%.

Three-month U.S. dollar LIBOR, which a number of the series of the Existing Preferred Stock used as a benchmark, ceased publication on a representative basis after June 30, 2023 (the "Cessation Date"). Two of the relevant series (the Series A Preferred Stock and the Series N Preferred Stock) transitioned to the three-month CME Term SOFR Reference Rate plus a tenor spread adjustment of 0.26161% after the Cessation Date by operation of law, pursuant to the Adjustable Interest Rate (LIBOR) Act. Such replacement is effective for determinations that are made after the Cessation Date, but does not affect any determinations made on or prior to the Cessation Date. However, the other relevant series (the Series E Preferred Stock, the Series F Preferred Stock, the Series I Preferred Stock, the Series K Preferred Stock and the Series M Preferred Stock) will not so transition by operation of law or otherwise. Pursuant to the terms of these series, after the Cessation Date, during the periods when dividends would have accrued based on three-month U.S. dollar LIBOR, dividends on these series will continue to accrue at the specified fixed rate.

Each series of Existing Preferred Stock is noncumulative preferred stock. Accordingly, if the Board of Directors (or a duly authorized committee thereof) does not declare a dividend on the Series A Preferred Stock, the Series C Preferred Stock, the Series E Preferred Stock, the Series F Preferred Stock, the Series I Preferred Stock, the Series K Preferred Stock, the Series L Preferred Stock, the Series M Preferred Stock, the Series N Preferred Stock, the Series O Preferred Stock, the Series P Preferred Stock or the Series PQ Preferred Stock in respect of any dividend period before the related dividend payment date, Morgan Stanley will have no obligation to pay a dividend for that dividend period on such dividend payment date or at any future time.

Each series of Existing Preferred Stock will be junior as to payment of dividends to any preferred stock that may be issued in the future that is expressly senior as to dividends to the Existing Preferred Stock. If at any time Morgan Stanley has failed to pay accumulated dividends on any preferred stock that is senior to a series of Existing Preferred Stock as to payment of dividends, Morgan Stanley may not pay any dividends on the junior series of Existing Preferred Stock or redeem or otherwise repurchase any shares of the junior series of Existing Preferred

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Stock until it has paid in full, or set aside for payment, such accumulated but unpaid dividends on those senior shares.

Morgan Stanley will not declare or pay or set aside for payment, dividends for the latest dividend period on any series of offered preferred stock ranking on a parity as to payment of dividends with any series of Existing Preferred Stock, unless it also declares or pays or sets aside for payment the accrued dividends on the outstanding shares of such series for the latest dividend payment period. Morgan Stanley must declare, pay or set aside for payment any amounts on the offered preferred stock ratably in proportion to the respective amounts of unpaid dividends described in the preceding sentence.

Except as described above, and subject to some additional exceptions set forth in the relevant certificate of designations, unless Morgan Stanley has paid full accrued dividends on the outstanding shares of each series of Existing Preferred Stock for the latest dividend payment period with respect to each such series, Morgan Stanley may not during a dividend period for any series:

declare or pay a dividend or distribution on common stock or any preferred stock that ranks junior to such series as to dividend rights and as to rights on liquidation, dissolution or winding up, or

redeem, purchase or otherwise acquire Morgan Stanley's common stock or any preferred stock that ranks junior to, or, in the case of Series M Preferred Stock and Series N Preferred Stock, that ranks junior to or on a parity with, such series as to dividend rights and as to rights on liquidation, dissolution or winding up.

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Redemption. The Existing Preferred Stock is not and will not be subject to any mandatory redemption, sinking fund provision or other similar provision. The Existing Preferred Stock is redeemable, subject to receipt of any required regulatory approvals, in whole or in part, upon 30 days' notice as follows:

- o the Series A Preferred Stock is redeemable at a redemption price of \$25,000.00 per share plus accrued and unpaid dividends, regardless of whether dividends are actually declared, to but excluding the date of redemption;
- o the Series C Preferred Stock is redeemable at a redemption price of \$1,100.00 per share plus accrued and unpaid dividends, regardless of whether dividends are actually declared, to but excluding the date of redemption;
- o the Series E Preferred Stock is redeemable at a redemption price of \$25,000.00 per share plus any declared and unpaid dividends to but excluding the date fixed for redemption (i) in whole or in part on or after October 15, 2023 or (ii) in whole but not in part at any time within 90 days of certain changes to regulatory capital requirements;
- o the Series F Preferred Stock is redeemable at a redemption price of \$25,000.00 per share plus any declared and unpaid dividends to but excluding the date fixed for redemption (i) in whole or in part on or after January 15, 2024 or (ii) in whole but not in part at any time within 90 days of certain changes to regulatory capital requirements;
- o the Series I Preferred Stock is redeemable at a redemption price of \$25,000.00 per share plus any declared and unpaid dividends to but excluding the date fixed for redemption (i) in whole or in part on or after October 15, 2024 or (ii) in whole but not in part at any time within 90 days of certain changes to regulatory capital requirements;
- o the Series K Preferred Stock is redeemable at a redemption price of \$25,000.00 per share plus any declared and unpaid dividends to but excluding the date fixed for redemption (i) in whole or in part on or after April 15, 2027 or (ii) in whole but not in part at any time within 90 days of certain changes to regulatory capital requirements;
- o the Series L Preferred Stock is redeemable at a redemption price of \$25,000.00 per share plus any declared and unpaid dividends to but excluding the date fixed for redemption (i) in whole or in part on or after January 15, 2025 or (ii) in whole but not in part at any time within 90 days of certain changes to regulatory capital requirements;
- o the Series M Preferred Stock is redeemable at a redemption price of \$1,000.00 per share plus any declared and unpaid dividends to but excluding the date fixed for redemption (i) in whole or in part on or after September 15, 2026 or (ii) in whole but not in part at any time within 90 days of certain changes to regulatory capital requirements;
- o the Series N Preferred Stock is redeemable at a redemption price of \$100,000.00 per share plus any declared and unpaid dividends to but excluding the date fixed for redemption (i) in whole or in part after

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October 2, 2025 or (ii) in whole but not in part at any time within 90 days of certain changes to regulatory capital requirements;

- o the Series O Preferred Stock is redeemable at a redemption price of \$25,000.00 per share plus any declared and unpaid dividends to but excluding the date fixed for redemption (i) in whole or in part on or after January 15, 2027 or (ii) in whole but not in part at any time within 90 days of certain changes to regulatory capital requirements; and
- o the Series P Preferred Stock is redeemable at a redemption price of \$25,000.00 per share plus any declared and unpaid dividends to but excluding the date fixed for redemption (i) in whole or in part on or after October 15, 2027 or (ii) in whole but not in part at any time within 90 days of certain changes to regulatory capital requirements; and
- o the Series Q Preferred Stock is redeemable at a redemption price of \$25,000.00 per share plus any declared and unpaid dividends to but excluding the date fixed for redemption (i) in whole or in part on or after October 15, 2029 or (ii) in whole but not in part at any time within 90 days of certain changes to regulatory capital requirements.

Liquidation Rights. In the event of any liquidation, dissolution or winding up of Morgan Stanley, the holders of shares of Existing Preferred Stock will be entitled to receive, out of the assets of Morgan Stanley available for distribution to stockholders, liquidating distributions before any distribution is made to holders of any class or series

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of capital stock ranking junior to the Existing Preferred Stock as to rights upon liquidation, dissolution or winding up of Morgan Stanley's common stock. The liquidating distribution that each series of Existing Preferred Stock is entitled to receive is as follows:

- o the Series A Preferred Stock will be entitled to receive a liquidating distribution in an amount equal to \$25,000.00 per share, together with an amount equal to all dividends, if any, that have been declared but not paid with respect to such series prior to the date of payment of such distribution (but without any accumulation in respect of dividends that have not been declared prior to such payment date);
- o the Series C Preferred Stock will be entitled to receive a liquidating distribution in an amount equal to \$1,000 per share, together with an amount equal to all dividends, if any, that have been declared but not paid prior to the date of payment of such distribution (but without any accumulation in respect of dividends that have not been declared prior to such payment date);
- o the Series E Preferred Stock will be entitled to receive a liquidating distribution in an amount equal to \$25,000.00 per share, together with an amount equal to all dividends, if any, that have been declared but not paid with respect to such series prior to the date of payment of such distribution (but without any accumulation in respect of dividends that have not been declared prior to such payment date);
- o the Series F Preferred Stock will be entitled to receive a liquidating distribution in an amount equal to \$25,000.00 per share, together with an amount equal to all dividends, if any, that have been declared but not paid with respect to such series prior to the date of payment of such distribution (but without any accumulation in respect of dividends that have not been declared prior to such payment date);
- o the Series I Preferred Stock will be entitled to receive a liquidating distribution in an amount equal to \$25,000.00 per share, together with an amount equal to all dividends, if any, that have been declared but not paid with respect to such series prior to the date of payment of such distribution (but without any accumulation in respect of dividends that have not been declared prior to such payment date);
- o the Series K Preferred Stock will be entitled to receive a liquidating distribution in an amount equal to \$25,000.00 per share, together with an amount equal to all dividends, if any, that have been declared but not paid with respect to such series prior to the date of payment of such distribution (but without any accumulation in respect of dividends that have not been declared prior to such payment date);
- o the Series L Preferred Stock will be entitled to receive a liquidating distribution in an amount equal to \$25,000.00 per share, together with an amount equal to all dividends, if any, that have been declared but not paid with respect to such series prior to the date of payment of such distribution (but without any accumulation in respect of dividends that have not been declared prior to such payment date);
- o the Series M Preferred Stock will be entitled to receive a liquidating distribution in an amount equal to \$1,000.00 per share, together with an amount equal to all dividends, if any, that have been declared but not paid with respect to such series prior to the date of payment of such distribution (but without any accumulation in respect of dividends that have not been declared prior to such payment date);
- o the Series N Preferred Stock will be entitled to receive a liquidating distribution in an amount equal to \$100,000.00 per share, together with an amount equal to all dividends, if any, that have been declared but not paid with respect to such series prior to the date of payment of such distribution (but without any accumulation in respect of dividends that have not been declared prior to such payment date);

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- o the Series O Preferred Stock will be entitled to receive a liquidating distribution in an amount equal to \$25,000.00 per share, together with an amount equal to all dividends, if any, that have been declared but not paid with respect to such series prior to the date of payment of such distribution (but without any accumulation in respect of dividends that have not been declared prior to such payment date); and
- o the Series P Preferred Stock will be entitled to receive a liquidating distribution in an amount equal to \$25,000.00 per share, together with an amount equal to all dividends, if any, that have been declared but not paid with respect to such series prior to the date of payment of such distribution (but without any accumulation in respect of dividends that have not been declared prior to such payment date); and
- o the Series Q Preferred Stock will be entitled to receive a liquidating distribution in an amount equal to \$25,000.00 per share, together with an amount equal to all dividends, if any, that have been declared but not paid with respect to such series prior to the date of payment of such distribution (but without any accumulation in respect of dividends that have not been declared prior to such payment date).

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However, holders of shares of the Existing Preferred Stock will not be entitled to receive the liquidation price of their shares until Morgan Stanley has paid or set aside an amount sufficient to pay in full the liquidation preference of any class or series of Morgan Stanley's capital stock ranking senior as to rights upon liquidation, dissolution or winding up.

If, upon any liquidation, dissolution or winding up of Morgan Stanley, assets of Morgan Stanley then distributable are insufficient to pay in full the amounts payable with respect to the Existing Preferred Stock and any other preferred stock ranking on a parity with the Existing Preferred Stock as to rights upon liquidation, dissolution or winding up, the holders of the Existing Preferred Stock and of that other preferred stock will share ratably in any distribution in proportion to the full respective preferential amounts to which they are entitled. After Morgan Stanley has paid the full amount of the liquidating distribution to which they are entitled, the holders of the Existing Preferred Stock will not be entitled to any further participation in any distribution of assets by Morgan Stanley.

Voting Rights. Holders of Existing Preferred Stock do not have any voting rights except as described below or as otherwise from time to time required by law. Whenever dividends on any series of Existing Preferred Stock have not been declared and paid for the equivalent of six or more dividend periods (or, for the Series M Preferred Stock and the Series N Preferred Stock, three semi-annual or six quarterly full dividend periods), whether or not consecutive, the authorized number of directors of Morgan Stanley shall be automatically increased by two and the holders of shares of Existing Preferred Stock, voting together as a class with holders of any and all other series of preferred stock having similar voting rights that are exercisable, will be entitled to elect two directors to fill such newly created directorships at Morgan Stanley's next annual meeting of stockholders (or at a special meeting called for that purpose prior to such next annual meeting) and at each subsequent annual meeting. These voting rights will continue for each series of Existing Preferred Stock until dividends on such shares have been fully paid (or declared and a sum sufficient for the payment of such dividends shall have been set aside for such payment) for at least four regular dividend periods (or, for the Series M Preferred Stock and the Series N Preferred Stock, the equivalent of two consecutive semi-annual dividend periods or four consecutive quarterly dividend periods) following the nonpayment. The term of office of all directors elected by the holders of preferred stock will terminate immediately upon the termination of the right of holders of preferred stock to vote for directors.

So long as any shares of Existing Preferred Stock remain outstanding, Morgan Stanley will not, without the consent of the holders of at least two-thirds of the shares of Existing Preferred Stock outstanding at the time, voting together as a single class with holders of any and all other series of preferred stock having similar voting rights that are exercisable

- amend or alter any provision of Morgan Stanley's amended and restated certificate of incorporation or the certificate of designations of preferences and rights with respect to any series of the Existing Preferred Stock to authorize or create, or increase the authorized amount of, any class or series of stock ranking senior to any series of Existing Preferred Stock with respect to the payment of dividends or the distribution of assets upon liquidation, dissolution or winding up;
- amend, alter or repeal any provision of Morgan Stanley's amended and restated certificate of incorporation or the certificate of designations of preferences and rights with respect to any series of the Existing Preferred Stock if such amendment, alteration or repeal would cause a material and adverse effect with respect to the special rights, preferences, privileges and voting powers of any Existing Preferred Stock, whether by merger, consolidation or otherwise. For purposes of the preceding sentence any increase in the authorized amount of common stock or preferred stock or the creation and issuance of other series of Morgan Stanley's common stock or preferred stock ranking on a parity with or junior to the Existing Preferred Stock as to dividends and the distribution of assets upon liquidation, dissolution or winding up will not be deemed to materially and adversely affect the special rights, preferences, privileges and voting powers of any Existing Preferred Stock; or
- consummate any binding share exchange or reclassification involving any series of Existing Preferred Stock, or merger or consolidation of Morgan Stanley with another entity, unless in each case (x) the shares of Existing Preferred Stock remain outstanding or are converted into or exchanged for preference securities of the surviving or resulting entity or its ultimate parent, and (y) such shares remain outstanding or such preference securities, as the case may be, have such rights, preferences, privileges and voting powers, taken

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as a whole, as are not materially less favorable to the holders thereof than the rights, preferences, privileges and voting powers of the Existing Preferred Stock immediately prior to such consummation, taken as a whole.

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Agents and Registrar for Existing Preferred Stock. The transfer agent, dividend disbursing agent and registrar for each series of Existing Preferred Stock is The Bank of New York Mellon.

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DESCRIPTION OF THE GLOBAL MEDIUM-TERM NOTES, SERIES A OF MORGAN STANLEY FINANCE LLC (AND MORGAN STANLEY'S GUARANTEES WITH RESPECT THERETO)

The following description of the Notes (as defined below) is a summary and does not purport to be complete. It is subject to and qualified in its entirety by reference to the MSFL Senior Debt Indenture (as defined below), which is incorporated by reference as an Exhibit to the Form 10-K. We encourage you to read the MSFL Senior Debt Indenture for additional information.

Morgan Stanley Finance LLC ("MSFL"), a wholly-owned finance subsidiary of Morgan Stanley, issued its (i) Global Medium-Term Notes, Series A, Fixed Rate Step-Up Senior Notes Due 2026 (the "2026 Notes") on February 22, 2016 and (ii) Global Medium-Term Notes, Series A, Floating Rate Notes Due 2029 (the "2029 Notes") on June 27, 2022. Morgan Stanley refers to the 2026 Notes and the 2029 Notes collectively as the "Notes."

As of **December 31, 2023** **December 31, 2024**, the Notes (and Morgan Stanley's guarantees with respect thereto) are registered under Section 12 of the Exchange Act:

The Notes are senior debt securities of MSFL. The Notes constitute part of its senior debt and rank on a parity with all of its other unsecured and unsubordinated debt. The Notes are issued under a Senior Indenture dated as of February 16, 2016 among MSFL, Morgan Stanley, as guarantor, and The Bank of New York Mellon, a New York banking corporation, as trustee. That indenture, as it has been and may be supplemented from time to time (to the extent that such supplements apply to the Notes), is called the MSFL Senior Debt Indenture. The Notes are fully and unconditionally guaranteed by Morgan Stanley and holders of the Notes should assume that in any bankruptcy, resolution or similar proceeding, they would not have any priority over and should be treated *pari passu* with the claims of other unsecured, unsubordinated creditors of Morgan Stanley, including holders of Morgan Stanley-issued securities.

The Series A medium-term notes issued under the MSFL Senior Debt Indenture (including the Notes) constitute a single series under that indenture, together with any medium-term notes MSFL issues in the future under that indenture that it designates as being part of that series. MSFL may create and issue additional notes with the same terms as previous issuances of Series A medium-term notes, so that the additional notes will be considered as part of the same issuance as the earlier notes.

The Notes are not deposits or savings accounts and are not insured by the Federal Deposit Insurance Corporation or any other governmental agency or instrumentality, nor are they obligations of, or guaranteed by, a bank.

The terms of the MSFL Senior Debt Indenture have been amended since the 2026 Notes were issued and those amendments do not apply to the 2026 Notes. The description of the terms of the MSFL Senior Debt Indenture set forth under "General Terms of the 2026 Notes" below is of the terms that apply to the 2026 Notes, which differ from those described under "General Terms of the 2029 Notes" below that apply to the 2029 Notes and other securities issued by MSFL under the MSFL Senior Debt Indenture after such amendments.

Global Medium-Term Notes, Series A, Fixed Rate Step-Up Senior Notes Due 2026

MSFL issued the 2026 Notes in an aggregate principal amount of \$5,000,000. The 2026 Notes were issued in minimum denominations of \$1,000 and integral multiples of \$1,000 in excess thereof. The 2026 Notes will mature on February 23, 2026. As of **December 31, 2023** **December 31, 2024**, \$5,000,000 in aggregate principal amount of the 2026 Notes was outstanding.

Listing

The 2026 Notes are traded on the New York Stock Exchange under the trading symbol "MS/26C."

Interest Payments

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The 2026 Notes bear interest from the date of issuance as follows:

 from and including the original issue date to but excluding February 23, 2021: 3.50% per annum;

- 9 from and including February 23, 2021 to but excluding February 23, 2023: 3.75% per annum;
- 10 from and including February 23, 2023 to but excluding February 23, 2024: 4.00% per annum;
- 11 from and including February 23, 2024 to but excluding February 23, 2025: 4.25% per annum; and

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- 12 from and including February 23, 2025 to but excluding the maturity date: 5.00% per annum.

How Interest Is Calculated. Interest on the 2026 Notes will be computed on the basis of a 360-day year of twelve 30-day months.

How Interest Accrues. Interest on the 2026 Notes accrues from and including the most recent interest payment date to which interest has been paid or duly provided for. Interest will accrue to but excluding the next interest payment date, or, if earlier, the date on which the principal has been paid or duly made available for payment, except as described below under “—If a Payment Date Is Not a Business Day.”

When Interest Is Paid. Payments of interest on the 2026 Notes will be made on each February 23 and August 23, commencing August 23, 2016.

Amount of Interest Payable. Interest payments for the 2026 Notes will include accrued interest from and including the last date in respect of which interest has been paid to but excluding the relevant interest payment date or date of maturity.

If a Payment Date Is Not a Business Day. If any scheduled interest payment date is not a business day, the issuer will pay interest on the next business day, but interest on that payment will not accrue during the period from and after the scheduled interest payment date. If the scheduled maturity date is not a business day, the issuer may pay interest, if any, and principal on the next succeeding business day, but interest on that payment will not accrue during the period from and after the scheduled maturity date. For these purposes, a “business day” means any day, other than a Saturday or Sunday, that is neither a legal holiday nor a day on which banking institutions are authorized or required by law or regulation to close in The City of New York.

General Terms of the 2026 Notes

In the below sections, all references to “debt securities” refer to Series A medium-term notes issued by MSFL under the MSFL Senior Debt Indenture. The following description of the terms of the debt securities contains certain general terms that may apply to the debt securities, including the 2026 Notes.

MSFL has summarized below the material provisions of the MSFL Senior Debt Indenture and the debt securities, including the guarantee of Morgan Stanley. These descriptions are only summaries, and each investor should refer to the MSFL Senior Debt Indenture and any applicable supplements thereto, which describe completely the terms and definitions summarized below and contain additional information regarding the debt securities. Where appropriate, MSFL uses parentheses to refer you to the particular sections of the MSFL Senior Debt Indenture. Any reference to particular sections or defined terms of the MSFL Senior Debt Indenture in any statement qualifies the entire statement and incorporates by reference the applicable section or definition into that statement.

Morgan Stanley Guarantee of Debt Securities Issued by MSFL

The payments due, including any property deliverable under any debt securities issued by MSFL, will be fully and unconditionally guaranteed by Morgan Stanley. If, for any reason, MSFL does not make any required payment in respect of any debt security issued by it when due, Morgan Stanley will cause the payment to be made at the same address at which MSFL is obligated to make such payment. MSFL has no independent operations beyond the issuance and administration of its securities and will have no independent assets available for distributions to holders of MSFL securities if they make claims in respect of the securities in a bankruptcy, resolution or similar proceeding. Accordingly, holders will have recourse only to a single claim against Morgan Stanley and its assets under the guarantee. Morgan Stanley’s guarantees of the payments due on debt securities issued by MSFL will be unsecured

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senior obligations of Morgan Stanley. In addition, if MSFL were to merge with and into Morgan Stanley pursuant to the terms of the MSFL Senior Debt Indenture, the guarantee will terminate.

Indenture

The 2026 Notes are issued under the MSFL Senior Debt Indenture.

Covenants Restricting Pledges, Mergers and Other Significant Corporate Actions

Negative Pledge of Morgan Stanley. Because Morgan Stanley is a holding company, its assets consist primarily of the securities of its subsidiaries. The negative pledge provisions of the MSFL Senior Debt Indenture limit Morgan Stanley's ability to pledge some of these securities. The MSFL Senior Debt Indenture provides that Morgan Stanley will not, and will not permit any subsidiary to, create, assume, incur or guarantee any indebtedness for borrowed money that is secured by a pledge, lien or other encumbrance except for liens specifically permitted by such senior indenture on:

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- the voting securities of Morgan Stanley & Co. LLC, Morgan Stanley & Co. International plc, Morgan Stanley Smith Barney LLC or any subsidiary succeeding to any substantial part of the business now conducted by any of those corporations, which are referred to collectively as the "principal subsidiaries," or

- the voting securities of a subsidiary that owns, directly or indirectly, the voting securities of any of the principal subsidiaries, other than directors' qualifying shares,

without making effective provisions so that the guarantee issued under the MSFL Senior Debt Indenture will be secured equally and ratably with indebtedness so secured.

For these purposes, "subsidiary" means any corporation, partnership or other entity of which at the time of determination Morgan Stanley owns or controls directly or indirectly more than 50% of the shares of the voting stock or equivalent interest, and "voting securities" means stock of any class or classes having general voting power under ordinary circumstances to elect a majority of the board of directors, managers or trustees of the relevant subsidiary, other than stock that carries only the conditional right to vote upon the happening of an event, whether or not that event has happened. (MSFL Senior Debt Indenture, Section 13.10).

Merger or Consolidation of MSFL, as Issuer, or Morgan Stanley, as Guarantor, Under the MSFL Senior Debt Indenture. The MSFL Senior Debt Indenture provides that neither MSFL, as issuer, nor Morgan Stanley, as guarantor, will merge or consolidate with any other person, unless:

- MSFL or Morgan Stanley, as applicable, will be the continuing person; or

- the successor person by merger or consolidation to MSFL or Morgan Stanley, as applicable:

- will be a person organized under the laws of the United States, a state of the United States or the District of Columbia; and

- will expressly assume all of MSFL's or Morgan Stanley's obligations, as applicable, under the indenture and the debt securities or the guarantees, as applicable, issued under the indenture; and

- immediately after the merger or consolidation, MSFL, Morgan Stanley or that successor person, as the case may be, in its capacity as issuer or guarantor, as applicable, will not be in default in the performance of the covenants and conditions of the indenture applicable to it. (MSFL Senior Debt Indenture, Sections 9.01 and 13.11).

For the avoidance of doubt, the successor person referred to in this section may be Morgan Stanley or any subsidiary of Morgan Stanley.

Sale, Lease or Conveyance by MSFL, as Issuer, or Morgan Stanley, as Guarantor, Under the MSFL Senior Debt Indenture. The MSFL Senior Debt Indenture provides that neither MSFL, as issuer, nor Morgan Stanley, as guarantor, will sell, lease or convey all or substantially all of its assets to any other person, unless:

- the person that acquires all or substantially all of the assets of MSFL or of Morgan Stanley, as applicable:

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- will be a person organized under the laws of the United States, a state of the United States or the District of Columbia; and

- will expressly assume all of MSFL's or Morgan Stanley's obligations, as applicable, under the indenture and the debt securities or the guarantees, as applicable, issued under the indenture; and

- immediately after the sale, lease or conveyance, that acquiring person, in its capacity as issuer or guarantor, as applicable, will not be in default in the performance of the covenants and conditions of the indenture applicable to it. (MSFL Senior Debt Indenture, Sections 9.01 and 13.11).

For the avoidance of doubt, the acquiring person referred to in this section may be Morgan Stanley or any subsidiary of Morgan Stanley.

Absence of Protections against All Potential Actions of the Issuer and the Guarantor. There are no covenants or other provisions in the MSFL Senior Debt Indenture that would afford holders of debt securities additional protection in the event of a recapitalization transaction, a change of control of the issuer or the guarantor, as applicable, or a highly leveraged transaction. The merger covenants described above would only apply if the recapitalization transaction, change of control or highly leveraged transaction were structured

to include a merger or consolidation of the issuer or the guarantor, as applicable, or a sale, lease or conveyance of all or substantially all of the assets of the issuer or the guarantor, as applicable.

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Events of Default

The MSFL Senior Debt Indenture provides holders of debt securities with remedies if MSFL, as issuer, fails to perform specific obligations or if MSFL becomes bankrupt. The MSFL Senior Debt Indenture permits the issuance of debt securities in one or more series, and, in many cases, whether an event of default has occurred is determined on a series by series basis.

An event of default is defined under the MSFL Senior Debt Indenture, with respect to any series of debt securities issued by MSFL under that indenture, as being:

- default in payment of any principal of the debt securities of that series, either at maturity or upon any redemption, by declaration or otherwise;
- default for 30 days in payment of any interest on any debt securities of that series;
- default for 60 days after written notice in the observance or performance by MSFL of any covenant or agreement in the debt securities of that series or the indenture (other than a covenant or warranty with respect to the debt securities of that series the breach or nonperformance of which is otherwise included in the definition of "event of default");
- events of bankruptcy, insolvency or reorganization of MSFL; or
- any other event of default provided in the supplemental indenture under which that series of debt securities is issued. (MSFL Senior Debt Indenture, Section 5.01).

The 2026 Notes do not have the benefit of any cross-default or cross-acceleration provisions with other indebtedness of MSFL or Morgan Stanley. **In addition, under the MSFL Senior Debt Indenture, a covenant default by Morgan Stanley, as guarantor, or an event of bankruptcy, insolvency or reorganization of Morgan Stanley, as guarantor, does not constitute an event of default.**

Acceleration of Debt Securities upon an Event of Default. The MSFL Senior Debt Indenture provides that:

- if an event of default due to the default in payment of principal of, or any premium or interest on, any series of debt securities issued under that indenture, or due to the default in the performance or breach of any other covenant or warranty of the issuer applicable to the debt securities of that series but not applicable to all outstanding debt securities issued under that indenture occurs and is continuing, either the trustee or the holders of not less than 25% in aggregate principal amount of the outstanding debt securities of each affected series, voting as one class, by notice in writing to the issuer and to the trustee, if given by security holders, may declare the principal of all debt securities of all affected series and interest accrued thereon to be due and payable immediately; and

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- if an event of default due to a default in the performance of any other covenants or agreements of the issuer in that indenture applicable to all outstanding debt securities issued under that indenture or due to specified events of bankruptcy, insolvency or reorganization of the issuer, occurs and is continuing, either the trustee or the holders of not less than 25% in aggregate principal amount of all outstanding debt securities issued under that indenture, voting as one class, by notice in writing to the issuer and to the trustee, if given by security holders, may declare the principal of all those debt securities and interest accrued thereon to be due and payable immediately. (MSFL Senior Debt Indenture, Section 5.01).

Notwithstanding these notice provisions, the holders of debt securities issued by MSFL and guaranteed by **Morgan Stanley under the MSFL Senior Debt Indenture have no right to declare the principal of those debt securities and interest accrued thereon to be due and payable immediately if Morgan Stanley fails to observe or perform any covenant under such indenture or in the event of the bankruptcy, insolvency or reorganization of Morgan Stanley, as guarantor of such securities.**

Annulment of Acceleration and Waiver of Defaults. The MSFL Senior Debt Indenture provides that:

In some circumstances, if any and all events of default under that indenture, other than the non-payment of the principal of the securities that has become due as a result of an acceleration, have been cured, waived or otherwise remedied, then the holders of a majority in aggregate principal amount of all series of outstanding debt securities affected, voting as one class, may waive past defaults and rescind and annul past declarations of acceleration of the debt securities. (MSFL Senior Debt Indenture, Section 5.01).

Prior to the acceleration of any debt securities, the holders of a majority in aggregate principal amount of all series of outstanding debt securities with respect to which an event of default has occurred and is continuing, voting as one class, may waive any past default or event of default, other than a default in the payment of principal or

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interest (unless such default has been cured and an amount sufficient to pay all matured installments of interest and principal due otherwise than by acceleration has been deposited with the trustee) or a default in respect of a covenant or provision in that indenture that cannot be modified or amended without the consent of the holder of each debt security affected. (MSFL Senior Debt Indenture, Section 5.10).

Indemnification of Trustee for Actions Taken on Your Behalf. The MSFL Senior Debt Indenture contains a provision entitling the trustee, subject to the duty of the trustee during a default to act with the required standard of care, to be indemnified by the holders of debt securities issued under that indenture before proceeding to exercise any trust or power at the request of holders. (MSFL Senior Debt Indenture, Section 6.02). Subject to these provisions and some other limitations, the holders of a majority in aggregate principal amount of each series of outstanding debt securities of each affected series, voting as one class, may direct the time, method and place of conducting any proceeding for any remedy available to the trustee, or exercising any trust or power conferred on the trustee. (MSFL Senior Debt Indenture, Section 5.09).

Limitation on Actions by You as an Individual Holder. The MSFL Senior Debt Indenture provides that no individual holder of debt securities may institute any action against the issuer or the guarantor under that indenture, except actions for payment of overdue principal and interest, unless the following actions have occurred:

- the holder must have previously given written notice to the trustee of the continuing default;
- the holders of not less than 25% in aggregate principal amount of the outstanding debt securities of each affected series, treated as one class, must have (1) requested the trustee to institute that action and (2) offered the trustee reasonable indemnity;
- the trustee must have failed to institute that action within 60 days after receipt of the request referred to above; and
- the holders of a majority in principal amount of the outstanding debt securities of each affected series, voting as one class, must not have given directions to the trustee inconsistent with those of the holders referred to above. (MSFL Senior Debt Indenture, Sections 5.06 and 5.09).

Annual Certification. The MSFL Senior Debt Indenture contains a covenant that the issuer will file annually with the trustee a certificate of no default or a certificate specifying any default that exists. (MSFL Senior Debt Indenture, Section 3.05).

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Discharge, Defeasance and Covenant Defeasance

The issuer or the guarantor has the ability to eliminate most or all of the obligations of the issuer and the guarantor on any series of debt securities prior to maturity if the issuer or the guarantor complies with the following provisions. (MSFL Senior Debt Indenture, Section 10.01).

Discharge of Indenture. If at any time the issuer has:

- paid or caused to be paid the principal of and interest on all of the outstanding debt securities in accordance with their terms (or the guarantor has done the same);
- delivered to the trustee for cancellation all of the outstanding debt securities; or
- irrevocably deposited with the trustee cash or, in the case of a series of debt securities payable only in U.S. dollars, U.S. government obligations in trust for the benefit of the holders of any series of debt securities issued under that indenture that have either become due and payable, or are by their terms due and payable within one year or are scheduled for redemption within one year, in an amount certified to be sufficient to pay on each date that they become due and payable, the principal of and interest on, and any mandatory sinking fund payments for, those debt securities (or the guarantor has done the same);

and if, in any such case, the issuer or the guarantor also pays or causes to be paid all other sums payable by the issuer or the guarantor under the indenture with respect to the securities of such series, then that indenture shall cease to be of further effect with respect to the securities of such series, except as to certain rights and with respect to the transfer and exchange of securities, rights of the holders to receive payment and certain other rights and except that the deposit of cash or U.S. government obligations for the benefit of holders of a series of debt securities that are due and payable or are due and payable within one year or are scheduled for redemption within one year will discharge obligations under the indenture relating only to that series of debt securities.

Defeasance of a Series of Securities at Any Time. The issuer or the guarantor may also discharge all obligations of the issuer and the guarantor, other than as to transfers and exchanges, under any series of debt securities at any time, which is referred to as “defeasance.”

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The issuer and the guarantor, may be released with respect to any outstanding series of debt securities from the obligations imposed by Section 13.10 and Section 13.11 and Section 9.01, which sections contain the covenants described above limiting liens and consolidations, mergers, asset sales and leases, and elect not to comply with those sections without creating an event of default or a default. Discharge under those procedures is called “covenant defeasance.”

Defeasance or covenant defeasance may be effected only if, among other things:

- The issuer or the guarantor irrevocably deposits with the trustee cash or, in the case of debt securities payable only in U.S. dollars, U.S. government obligations, as trust funds in an amount certified to be sufficient to pay on each date that they become due and payable or a combination of the above sufficient to pay the principal of and interest on, and any mandatory sinking fund payments for, all outstanding debt securities of the series being defeased.
- The issuer or the guarantor delivers to the trustee an opinion of counsel to the effect that:
 - the beneficial owners of the series of debt securities being defeased will not recognize income, gain or loss for U.S. federal income tax purposes as a result of the defeasance or covenant defeasance; and
 - the defeasance or covenant defeasance will not otherwise alter those beneficial owners' U.S. federal income tax treatment of principal and interest payments on the series of debt securities being defeased.

In the case of a defeasance, but not in the case of covenant defeasance, this opinion must be based on a ruling of the Internal Revenue Service or a change in U.S. federal income tax law occurring after the date of this prospectus, since that result would not occur under current tax law.

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Modification of the MSFL Senior Debt Indenture

Modifications Without Consent of Holders. The issuer, the guarantor and the trustee may enter into supplemental indentures without the consent of the holders of debt securities issued under a particular indenture to:

- secure any debt securities (and to secure the guarantee of any debt securities securities);
- evidence the assumption by a successor of the obligations of the issuer or the guarantor (including to evidence the merger of MSFL with and into Morgan Stanley and, in such case, to evidence the elimination of the guarantee);
- add covenants for the protection of the holders of debt securities;
- cure any ambiguity or correct any inconsistency;
- add to, change or eliminate any of the provisions of the indenture in respect of all or any securities of any series; provided that any such addition, change or elimination (i) shall neither (a) apply to any security issued prior to the execution of such supplemental indenture and entitled to the benefit of such provision nor (b) modify the rights of any holder of such security with respect to such provision or (ii) shall become effective only when there is no such security outstanding;
- establish the forms or terms of debt securities of any series; or
- evidence the acceptance of appointment by a successor trustee. (MSFL Senior Debt Indenture, Section 8.01).

Modifications with Consent of Holders. The issuer, the guarantor and the trustee, with the consent of the holders of not less than a majority in aggregate principal amount of each affected series of outstanding debt securities, voting as one class, may add any provisions to, or change in any manner or eliminate any of the provisions of, the applicable indenture or modify in any manner the rights of the holders of those debt securities. However, the issuer, the guarantor and the trustee may not make any of the following changes to any outstanding debt security without the consent of each holder that would be affected by such change:

- extend the final maturity of the principal;

- o reduce the principal amount;
- o reduce the rate or extend the time of payment of interest;
- o reduce any amount payable on redemption;

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- o change the currency in which the principal and any amount of original issue discount, premium, or interest thereon is payable;
- o modify or amend the provisions for conversion of any currency into another currency;
- o reduce the amount of any original issue discount security payable upon acceleration or provable in bankruptcy;
- o alter the terms on which holders of the debt securities may convert or exchange debt securities for stock or other securities of the issuer or of other entities or for other property or the cash value of the property, other than in accordance with the antidilution provisions or other similar adjustment provisions included in the terms of the debt securities;
- o alter certain provisions of the indenture relating to debt securities not denominated in U.S. dollars;
- o impair the right of any holder to institute suit for the enforcement of any payment on any debt security when due;
- o remove the guarantee (except upon the merger of MSFL with and into Morgan Stanley); or
- o reduce the percentage of debt securities the consent of whose holders is required for modification of the indenture (MSFL Senior Debt Indenture, Section 8.02).

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Replacement of Debt Securities

At the expense of the holder, the issuer may, in its discretion, replace any debt securities that become mutilated, destroyed, lost or stolen or are apparently destroyed, lost or stolen. The mutilated debt securities must be delivered to the trustee, the paying agent and the registrar, in the case of registered debt securities, or satisfactory evidence of the destruction, loss or theft of the debt securities must be delivered to the issuer, the guarantor, the paying agent, the registrar, in the case of registered debt securities, and the trustee. At the expense of the holder, an indemnity that is satisfactory to the issuer, the guarantor, the principal paying agent, the registrar, in the case of registered debt securities, and the trustee may be required before a replacement debt security will be issued.

Concerning the Issuer's and the Guarantor's Relationship with the Trustee

Morgan Stanley, MSFL and other subsidiaries of Morgan Stanley and affiliates of MSFL maintain ordinary banking relationships and credit facilities with The Bank of New York Mellon, a New York banking corporation (including as successor to JPMorgan Chase Bank, N.A. and J.P. Morgan Trust Company, National Association).

Governing Law

The debt securities, Morgan Stanley's guarantee of debt securities issued by MSFL and the MSFL Senior Debt Indenture will be governed by, and construed in accordance with, the laws of the State of New York.

Global Medium-Term Notes, Series A, Floating Rate Notes Due 2029

MSFL issued the 2029 Notes in an aggregate principal amount of \$15,001,000. The 2029 Notes were issued in minimum denominations of \$1,000 and integral multiples of \$1,000 in excess thereof. The 2029 Notes will mature on June 27, 2029. As of **December 31, 2023** **December 31, 2024**, \$15,001,000 in aggregate principal amount of the 2029 Notes was outstanding.

Listing

The 2029 Notes are traded on the New York Stock Exchange under the trading symbol "MS/29."

Interest Payments

The 2029 Notes bear interest at a variable rate per annum equal to the Base Rate plus the Spread, subject to the Minimum Interest Rate.

Base Rate. The Secured Overnight Financing Rate (compounded daily over a quarterly Interest Payment Period in accordance with the specific formula described under “— How Interest Is Calculated” below) (“compounded SOFR”). As further described below, (i) in determining the Base Rate for a U.S. government securities business day, the Base Rate generally will be the rate in respect of such day that is provided on the following U.S. government securities business day and (ii) in determining the Base Rate for any other day, such as a Saturday, Sunday or

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holiday, the Base Rate generally will be the rate in respect of the immediately preceding U.S. government securities business day that is provided on the following U.S. government securities business day.

Index Maturity. Daily.

Spread. Plus 1.375% (to be added to the accrued interest compounding factor for an Interest Payment Period).

Minimum Interest Rate. 0.10% per annum.

Index Currency. U.S. Dollars.

Interest Payment Periods. Quarterly. With respect to an Interest Payment Date, the period from and including the second most recent Interest Payment Period End-Date (or from and including the original issue date in the case of the first Interest Payment Period) to but excluding the immediately preceding Interest Payment Period End-Date; provided that (i) the Interest Payment Period with respect to the final Interest Payment Date (i.e., the maturity date) will be the period from and including the second-to-last Interest Payment Period End-Date to but excluding the

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maturity date (the final Interest Payment Period End-Date) and (ii) with respect to such final Interest Payment Period, the level of SOFR for each calendar day in the period from and including the Rate Cut-Off Date to but excluding the maturity date shall be the level of SOFR in respect of such Rate Cut-Off Date.

Interest Payment Period End-Dates. Each March 27, June 27, September 27 and December 27, commencing September 2022 and ending on the maturity date; *provided* that if any scheduled Interest Payment Period End-Date, other than the maturity date, falls on a day that is not a business day, it will be postponed to the following business day. If the scheduled final Interest Payment Period End-Date for the notes (i.e., the maturity date) falls on a day that is not a business day, the payment of principal and interest will be made on the next succeeding business day, but interest on that payment will not accrue during the period from and after the scheduled final Interest Payment Period End-Date.

Interest Payment Dates. The second business day following each Interest Payment Period End-Date; provided that the Interest Payment Date with respect to the final Interest Payment Period will be the maturity date. If the scheduled maturity date falls on a day that is not a business day, the payment of principal and interest will be made on the next succeeding business day, but interest on that payment will not accrue during the period from and after the scheduled maturity date.

Rate Cut-Off Date. The second U.S. government securities business day prior to the maturity date.

How Interest Is Calculated. Accrued interest on the 2029 Notes will be calculated by multiplying the principal amount of the 2029 Notes by an accrued interest factor. This accrued interest factor will be computed by adding the interest factors calculated for each day in the Interest Payment Period for which interest is being paid. The interest factor for each day is computed by dividing the interest rate applicable to that day by 360. The interest rate applicable to a given day is the sum of the accrued interest compounding factor plus the Spread.

Notwithstanding the foregoing, in no event will the interest rate payable for any Interest Payment Period be less than the Minimum Interest Rate.

On each Interest Payment Date, accrued interest will be paid for the most recently completed Interest Payment Period. Interest on the 2029 Notes will accrue from and including the most recent Interest Payment Period End-Date to which interest has been paid or duly provided for, or if no interest has been paid or duly provided for, from and including the original issue date. Interest will accrue to but excluding the next Interest Payment Period End-Date.

The calculation agent will notify the paying agent of each determination of the interest rate applicable to the 2029 Notes promptly after the determination is made.

With respect to any Interest Payment Period, the accrued interest compounding factor means the rate of return of a daily compound interest investment computed in accordance with the following formula (with the resulting percentage rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, with 0.000005 being

rounded upwards to 0.00001):



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“ d_0 ”, for any Interest Payment Period, is the number of U.S. Government Securities Business Days in the relevant Interest Payment Period.

“ i ” is a series of whole numbers from one to d_0 , each representing the relevant U.S. Government Securities Business Days in chronological order from, and including, the first U.S. Government Securities Business Day in the relevant Interest Payment Period.

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“SOFR”, for any day “ i ” in the relevant Interest Payment Period, is a reference rate equal to SOFR in respect of that day.

“ n ” is the number of calendar days in the relevant Interest Payment Period on which the rate is SOFR.

“ d ” is the number of calendar days in the relevant Interest Payment Period.

For these calculations, the interest rate in effect on any U.S. Government Securities Business Day will be the applicable rate as reset on that date. The interest rate applicable to any other day is the interest rate from the immediately preceding U.S. Government Securities Business Day.

Acceleration Amount in Case of an Event of Default. In case an event of default with respect to the 2029 Notes shall have occurred and be continuing, the amount declared due and payable per note upon any acceleration of the 2029 Notes shall be determined by the calculation agent, after consultation with the issuer, and shall be an amount in cash equal to the Stated Principal Amount plus accrued and unpaid interest calculated as if the date of such acceleration were the maturity date, final Interest Payment Period End-Date (if applicable) and final Interest Payment Date.

Determination of SOFR

The 2029 Notes will bear interest at the interest rate specified above. That interest rate will be based on SOFR with the Index Maturity specified above.

“SOFR” means, with respect to any U.S. Government Securities Business Day:

- (1) the Secured Overnight Financing Rate in respect of such U.S. Government Securities Business Day as provided by the New York Federal Reserve, as the administrator of such rate (or a successor administrator) on the New York Federal Reserve’s Website on or about 5:00 p.m. (New York time) on the U.S. Government Securities Business Day immediately following such U.S. Government Securities Business Day; or
- (2) if the Secured Overnight Financing Rate in respect of such U.S. Government Securities Business Day does not appear as specified in paragraph (1), unless both a Benchmark Transition Event and its related Benchmark Replacement Date have occurred, the Secured Overnight Financing Rate in respect of the last U.S. Government Securities Business Day for which such rate was published on the New York Federal Reserve’s Website; or
- (3) if a Benchmark Transition Event and its related Benchmark Replacement Date have occurred:
 - the sum of: (a) the alternate rate of interest that has been selected or recommended by the Relevant Governmental Body as the replacement for the then-current Benchmark for the applicable Corresponding Tenor and (b) the Benchmark Replacement Adjustment; or
 - the sum of: (a) the ISDA Fallback Rate and (b) the Benchmark Replacement Adjustment; or
 - the sum of: (a) the alternate rate of interest that has been selected by the issuer or its designee as the replacement for the then-current Benchmark for the applicable Corresponding Tenor giving due consideration to any industry-accepted rate of interest as a replacement for the then-current Benchmark for U.S. dollar-denominated floating rate notes at such time and (b) the Benchmark Replacement Adjustment.

“Benchmark” means the Secured Overnight Financing Rate with the Index Maturity specified above; *provided that* if a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to the Secured Overnight Financing Rate with the Index Maturity specified above or the then-current Benchmark, then “Benchmark” means the applicable Benchmark Replacement.

"Benchmark Replacement" means the first alternative set forth in the order presented in clause (3) of the definition of "SOFR" that can be determined by the issuer or its designee as of the Benchmark Replacement Date. In

connection with the implementation of a Benchmark Replacement, the issuer or its designee will have the right to make Benchmark Replacement Conforming Changes from time to time.

"Benchmark Replacement Adjustment" means the first alternative set forth in the order below that can be determined by the issuer or its designee as of the Benchmark Replacement Date:

- (1) the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) that has been selected or recommended by the Relevant Governmental Body for the applicable Unadjusted Benchmark Replacement;
- (2) if the applicable Unadjusted Benchmark Replacement is equivalent to the ISDA Fallback Rate, then the ISDA Fallback Adjustment;
- (3) the spread adjustment (which may be a positive or negative value or zero) that has been selected by the issuer or its designee giving due consideration to any industry-accepted spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of the then-current Benchmark with the applicable Unadjusted Benchmark Replacement for U.S. dollar-denominated floating rate notes at such time.

"Benchmark Replacement Conforming Changes" means, with respect to any Benchmark Replacement, any technical, administrative or operational changes (including changes to the definition of "Interest Payment Period," timing and frequency of determining rates and making payments of interest and other administrative matters) that the issuer or its designee decides may be appropriate to reflect the adoption of such Benchmark Replacement in a manner substantially consistent with market practice (or, if the issuer or its designee decides that adoption of any portion of such market practice is not administratively feasible or if the issuer or its designee determines that no market practice for use of the Benchmark Replacement exists, in such other manner as the issuer or its designee determines is reasonably necessary).

"Benchmark Replacement Date" means the earliest to occur of the following events with respect to the then-current Benchmark:

- (1) in the case of clause (1) or (2) of the definition of "Benchmark Transition Event," the later of (a) the date of the public statement or publication of information referenced therein and (b) the date on which the administrator of the Benchmark permanently or indefinitely ceases to provide the Benchmark; or
- (2) in the case of clause (3) of the definition of "Benchmark Transition Event," the date of the public statement or publication of information referenced therein.

For the avoidance of doubt, if the event giving rise to the Benchmark Replacement Date occurs on the same day as, but earlier than, the Reference Time in respect of any determination, the Benchmark Replacement Date will be deemed to have occurred prior to the Reference Time for such determination.

"Benchmark Transition Event" means the occurrence of one or more of the following events with respect to the then-current Benchmark:

- (1) a public statement or publication of information by or on behalf of the administrator of the Benchmark announcing that such administrator has ceased or will cease to provide the Benchmark, permanently or indefinitely, *provided* that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Benchmark;
- (2) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark, the central bank for the currency of the Benchmark, an insolvency official with jurisdiction over the administrator for the Benchmark, a resolution authority with jurisdiction over the administrator for the Benchmark or a court or an entity with similar insolvency or resolution authority over the administrator for the Benchmark, which states that the administrator of the Benchmark has

ceased or will cease to provide the Benchmark permanently or indefinitely, *provided* that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Benchmark; or

- (3) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark announcing that the Benchmark is no longer representative.

A "business day" means any day, other than a Saturday or Sunday, that is neither a legal holiday nor a day on which banking institutions are authorized or required by law or regulation to close in The City of New York.

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"Corresponding Tenor" with respect to a Benchmark Replacement means a tenor (including overnight) having approximately the same length (disregarding business day adjustment) as the applicable tenor for the then-current Benchmark.

"ISDA Definitions" means the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc. or any successor thereto, as amended or supplemented from time to time, or any successor definitional booklet for interest rate derivatives published from time to time.

"ISDA Fallback Adjustment" means the spread adjustment (which may be a positive or negative value or zero) that would apply for derivatives transactions referencing the ISDA Definitions to be determined upon the occurrence of an index cessation event with respect to the Benchmark for the applicable tenor.

"ISDA Fallback Rate" means the rate that would apply for derivatives transactions referencing the ISDA Definitions to be effective upon the occurrence of an index cessation date with respect to the Benchmark for the applicable tenor excluding the applicable ISDA Fallback Adjustment.

"New York Federal Reserve" means the Federal Reserve Bank of New York.

"New York Federal Reserve's Website" means the website of the New York Federal Reserve, currently at <http://www.newyorkfed.org>, or any successor source.

"Reference Time" with respect to any determination of the Benchmark means the time determined by the issuer or its designee in accordance with the Benchmark Replacement Conforming Changes.

"Relevant Governmental Body" means the Federal Reserve Board and/or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Federal Reserve Board and/or the Federal Reserve Bank of New York or any successor thereto.

"U.S. Government Securities Business Day" means any day except for a Saturday, Sunday or a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in U.S. government securities.

"Unadjusted Benchmark Replacement" means the Benchmark Replacement excluding the Benchmark Replacement Adjustment.

If a Benchmark Transition Event and its related Benchmark Replacement Date have occurred, any determination, decision or election that may be made by the issuer or its designee pursuant to this section "Determination of SOFR," including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection:

- will be conclusive and binding absent manifest error;
- will be made in the issuer's or its designee's sole discretion; and
- notwithstanding anything to the contrary in the documentation relating to the 2029 Notes, shall become effective without consent from the holders of the 2029 Notes or any other party.

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General Terms of the 2029 Notes

In the below sections, all references to “debt securities” refer to Series A medium-term notes issued by MSFL under the MSFL Senior Debt Indenture. The following description of the terms of the debt securities contains certain general terms that may apply to the debt securities, including the 2029 Notes.

MSFL has summarized below the material provisions of the MSFL Senior Debt Indenture and the debt securities, including the guarantee of Morgan Stanley. These descriptions are only summaries, and each investor should refer to the MSFL Senior Debt Indenture and any applicable supplements thereto, which describe completely the terms and definitions summarized below and contain additional information regarding the debt securities. Where appropriate, MSFL uses parentheses to refer you to the particular sections of the MSFL Senior Debt Indenture. Any reference to particular sections or defined terms of the MSFL Senior Debt Indenture in any statement qualifies the entire statement and incorporates by reference the applicable section or definition into that statement.

Morgan Stanley Guarantee of Debt Securities Issued by MSFL

The payments due, including any property deliverable under any debt securities issued by MSFL, will be fully and unconditionally guaranteed by Morgan Stanley. If, for any reason, MSFL does not make any required payment

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in respect of any debt security issued by it when due, Morgan Stanley will cause the payment to be made at the same address at which MSFL is obligated to make such payment. MSFL has no independent operations beyond the issuance and administration of its securities and will have no independent assets available for distributions to holders of MSFL securities if they make claims in respect of the securities in a bankruptcy, resolution or similar proceeding. Accordingly, holders will have recourse only to a single claim against Morgan Stanley and its assets under the guarantee. Morgan Stanley’s guarantees of the payments due on debt securities issued by MSFL will be unsecured senior obligations of Morgan Stanley. In addition, if MSFL were to merge with and into Morgan Stanley pursuant to the terms of the MSFL Senior Debt Indenture, the guarantee will terminate.

Indenture

The 2029 Notes are issued under the MSFL Senior Debt Indenture.

Covenants Restricting Pledges, Mergers and Other Significant Corporate Actions

Negative Pledge of Morgan Stanley. Because Morgan Stanley is a holding company, its assets consist primarily of the securities of its subsidiaries. The negative pledge provisions of the MSFL Senior Debt Indenture limit Morgan Stanley’s ability to pledge some of these securities. The MSFL Senior Debt Indenture provides that Morgan Stanley will not, and will not permit any subsidiary to, create, assume, incur or guarantee any indebtedness for borrowed money that is secured by a pledge, lien or other encumbrance except for liens specifically permitted by such senior indenture on:

- the voting securities of Morgan Stanley & Co. LLC, Morgan Stanley & Co. International plc, Morgan Stanley Smith Barney LLC or any subsidiary succeeding to any substantial part of the business now conducted by any of those corporations, which are referred to collectively as the “principal subsidiaries,” or
- the voting securities of a subsidiary that owns, directly or indirectly, the voting securities of any of the principal subsidiaries, other than directors’ qualifying shares,

without making effective provisions so that the guarantee issued under the MSFL Senior Debt Indenture will be secured equally and ratably with indebtedness so secured.

For these purposes, “subsidiary” means any corporation, partnership or other entity of which at the time of determination Morgan Stanley owns or controls directly or indirectly more than 50% of the shares of the voting stock or equivalent interest, and “voting securities” means stock of any class or classes having general voting power under ordinary circumstances to elect a majority of the board of directors, managers or trustees of the relevant subsidiary, other than stock that carries only the conditional right to vote upon the happening of an event, whether or not that event has happened. (MSFL Senior Debt Indenture, Section 13.10).

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Merger or Consolidation of MSFL, as Issuer, or Morgan Stanley, as Guarantor, Under the MSFL Senior Debt Indenture. The MSFL Senior Debt Indenture provides that neither MSFL, as issuer, nor Morgan Stanley, as guarantor, will merge or consolidate with any other person, unless:

- MSFL or Morgan Stanley, as applicable, will be the continuing person; or
- the successor person by merger or consolidation to MSFL or Morgan Stanley, as applicable:
 - will be a person organized under the laws of the United States, a state of the United States or the District of Columbia; and

- will expressly assume all of MSFL's or Morgan Stanley's obligations, as applicable, under the indenture and the debt securities or the guarantees, as applicable, issued under the indenture; and
- immediately after the merger or consolidation, MSFL, Morgan Stanley or that successor person, as the case may be, in its capacity as issuer or guarantor, as applicable, will not be in default in the performance of the covenants and conditions of the indenture applicable to it. (MSFL Senior Debt Indenture, Sections 9.01 and 13.11).

For the avoidance of doubt, the successor person referred to in this section may be Morgan Stanley or any subsidiary of Morgan Stanley.

Sale, Lease or Conveyance by MSFL, as Issuer, or Morgan Stanley, as Guarantor, Under the MSFL Senior Debt Indenture. The MSFL Senior Debt Indenture provides that neither MSFL, as issuer, nor Morgan Stanley, as guarantor, will sell, lease or convey all or substantially all of its assets to any other person (other than the sale, lease or conveyance of all or substantially all of Morgan Stanley's assets to one or more of Morgan Stanley's subsidiaries), unless:

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- the person that acquires all or substantially all of the assets of MSFL or of Morgan Stanley, as applicable:
 - will be a person organized under the laws of the United States, a state of the United States or the District of Columbia; and
 - will expressly assume all of MSFL's or Morgan Stanley's obligations, as applicable, under the indenture and the debt securities or the guarantees, as applicable, issued under the indenture; and
- immediately after the sale, lease or conveyance, that acquiring person, in its capacity as issuer or guarantor, as applicable, will not be in default in the performance of the covenants and conditions of the indenture applicable to it. (MSFL Senior Debt Indenture, Sections 9.01 and 13.11).

For the avoidance of doubt, the acquiring person referred to in this section may be Morgan Stanley or any subsidiary of Morgan Stanley.

For the avoidance of doubt, the sale, lease or conveyance of all or substantially all of MSFL's or Morgan Stanley's assets to one or more of Morgan Stanley's subsidiaries is not subject to any restrictions under the MSFL Senior Debt Indenture.

Absence of Protections against All Potential Actions of the Issuer and the Guarantor. There are no covenants or other provisions in the MSFL Senior Debt Indenture that would afford holders of debt securities additional protection in the event of a recapitalization transaction, a change of control of the issuer or the guarantor, as applicable, or a highly leveraged transaction. The merger covenants described above would only apply if the recapitalization transaction, change of control or highly leveraged transaction were structured to include a merger or consolidation of the issuer or the guarantor, as applicable, or a sale, lease or conveyance of all or substantially all of the assets of the issuer or the guarantor, as applicable.

Events of Default

The MSFL Senior Debt Indenture provides holders of debt securities with remedies if MSFL, as issuer, fails to perform specific obligations or if MSFL becomes bankrupt. The MSFL Senior Debt Indenture permits the issuance of debt securities in one or more series, and, in many cases, whether an event of default has occurred is determined on a series by series basis.

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An event of default is defined under the MSFL Senior Debt Indenture, with respect to any series of debt securities issued by MSFL under that indenture, as being:

- default for 30 days in payment of any principal of the debt securities of that series, either at maturity or upon any redemption, by declaration or otherwise;
- default for 30 days in payment of any interest on any debt securities of that series;
- events of bankruptcy, insolvency or reorganization of MSFL; or
- any other event of default provided in the supplemental indenture under which that series of debt securities is issued. (MSFL Senior Debt Indenture, Section 5.01).

The 2029 Notes do not have the benefit of any cross-default or cross-acceleration provisions with other indebtedness of MSFL or Morgan Stanley.

In the case of a default in payment of any principal or any interest with respect to the debt securities issued under the MSFL Senior Debt Indenture, there will only be an event of default, and therefore a right of acceleration, if such default continues for a period of 30 days. In addition, under the MSFL Senior Debt Indenture, a

covenant default by Morgan Stanley, as guarantor, or an event of bankruptcy, insolvency or reorganization of Morgan Stanley, as guarantor, does not constitute an event of default.

Acceleration of Debt Securities upon an Event of Default. The MSFL Senior Debt Indenture provides that:

- if an event of default due to the default in payment of principal of, or any premium or interest on, any series of debt securities issued under that indenture occurs and is continuing, either the trustee or the holders of not less than 25% in aggregate principal amount of the outstanding debt securities of each affected series, voting as one class, by notice in writing to the issuer and to the trustee, if given by security holders, may declare the principal of all debt securities of all affected series and interest accrued thereon to be due and payable immediately; and

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- if an event of default due to specified events of bankruptcy, insolvency or reorganization of the issuer, occurs and is continuing, either the trustee or the holders of not less than 25% in aggregate principal amount of all outstanding debt securities issued under that indenture, voting as one class, by notice in writing to the issuer and to the trustee, if given by security holders, may declare the principal of all those debt securities and interest accrued thereon to be due and payable immediately. (MSFL Senior Debt Indenture, Section 5.01).

There will be no event of default, and therefore no right of acceleration, in the case of a default in the performance of any covenant or obligation with respect to the debt securities issued under the MSFL Senior Debt Indenture (other than a covenant or warranty which is specifically dealt with above). If any such default occurs and is continuing, the trustee may pursue legal action to enforce the performance of any provision in the indenture to protect the rights of the trustee and the holders of the debt securities issued under such indenture. (MSFL Senior Debt Indenture, Section 5.04).

Annulment of Acceleration and Waiver of Defaults. The MSFL Senior Debt Indenture provides that:

In some circumstances, if any and all events of default under that indenture, other than the non-payment of the principal of the securities that has become due as a result of an acceleration, have been cured, waived or otherwise remedied, then the holders of a majority in aggregate principal amount of all series of outstanding debt securities affected, voting as one class, may waive past defaults and rescind and annul past declarations of acceleration of the debt securities. (MSFL Senior Debt Indenture, Section 5.01).

Prior to the acceleration of any debt securities, the holders of a majority in aggregate principal amount of all series of outstanding debt securities with respect to which an event of default or a covenant breach has occurred and is continuing, voting as one class, may waive any past default or event of default or any past covenant breach, other than a default in the payment of principal or interest (unless such default has been cured and an amount sufficient to pay all matured installments of interest and principal due otherwise than by acceleration has been deposited with the trustee) or a default in respect of a covenant or provision in that indenture that cannot be modified or amended without the consent of the holder of each debt security affected. (MSFL Senior Debt Indenture, Section 5.10).

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Indemnification of Trustee for Actions Taken on Your Behalf. The MSFL Senior Debt Indenture contains a provision entitling the trustee, subject to the duty of the trustee during a default to act with the required standard of care, to be indemnified by the holders of debt securities issued under that indenture before proceeding to exercise any trust or power at the request of holders. (MSFL Senior Debt Indenture, Section 6.02). Subject to these provisions and some other limitations, the holders of a majority in aggregate principal amount of each series of outstanding debt securities of each affected series, voting as one class, may direct the time, method and place of conducting any proceeding for any remedy available to the trustee, or exercising any trust or power conferred on the trustee. (MSFL Senior Debt Indenture, Section 5.09).

Limitation on Actions by You as an Individual Holder. The MSFL Senior Debt Indenture provides that no individual holder of debt securities may institute any action against the issuer or the guarantor under that indenture, except actions for payment of overdue principal and interest, unless the following actions have occurred:

- the holder must have previously given written notice to the trustee of the continuing default;
- the holders of not less than 25% in aggregate principal amount of the outstanding debt securities of each affected series, treated as one class, must have (1) requested the trustee to institute that action and (2) offered the trustee reasonable indemnity;
- the trustee must have failed to institute that action within 60 days after receipt of the request referred to above; and
- the holders of a majority in principal amount of the outstanding debt securities of each affected series, voting as one class, must not have given directions to the trustee inconsistent with those of the holders referred to above. (MSFL Senior Debt Indenture, Sections 5.06 and 5.09).

Annual Certification. The MSFL Senior Debt Indenture contains a covenant that the issuer will file annually with the trustee a certificate of no default or a certificate specifying any default that exists. (MSFL Senior Debt Indenture, Section 3.05).

Discharge, Defeasance and Covenant Defeasance

The issuer or the guarantor has the ability to eliminate most or all of the obligations of the issuer and the guarantor on any series of debt securities prior to maturity if the issuer or the guarantor complies with the following provisions. (MSFL Senior Debt Indenture, Section 10.01).

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Discharge of Indenture. If at any time the issuer has:

- paid or caused to be paid the principal of and interest on all of the outstanding debt securities in accordance with their terms (or the guarantor has done the same);
- delivered to the trustee for cancellation all of the outstanding debt securities; or
- irrevocably deposited with the trustee cash or, in the case of a series of debt securities payable only in U.S. dollars, U.S. government obligations in trust for the benefit of the holders of any series of debt securities issued under that indenture that have either become due and payable, or are by their terms due and payable within one year or are scheduled for redemption within one year, in an amount certified to be sufficient to pay on each date that they become due and payable, the principal of and interest on, and any mandatory sinking fund payments for, those debt securities (or the guarantor has done the same);

and if, in any such case, the issuer or the guarantor also pays or causes to be paid all other sums payable by the issuer or the guarantor under the indenture with respect to the securities of such series, then that indenture shall cease to be of further effect with respect to the securities of such series, except as to certain rights and with respect to the transfer and exchange of securities, rights of the holders to receive payment and certain other rights and except that the deposit of cash or U.S. government obligations for the benefit of holders of a series of debt securities that are due and payable or are due and payable within one year or are scheduled for redemption within one year will discharge obligations under the indenture relating only to that series of debt securities.

Defeasance of a Series of Securities at Any Time. The issuer or the guarantor may also discharge all obligations of the issuer and the guarantor, other than as to transfers and exchanges, under any series of debt securities at any time, which is referred to as "defeasance."

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The issuer and the guarantor, may be released with respect to any outstanding series of debt securities from the obligations imposed by Section 13.10 and Section 13.11 and Section 9.01, which sections contain the covenants described above limiting liens and consolidations, mergers, asset sales and leases, and elect not to comply with those sections without creating an event of default, covenant breach or a default. Discharge under those procedures is called "covenant defeasance."

Defeasance or covenant defeasance may be effected only if, among other things:

- The issuer or the guarantor irrevocably deposits with the trustee cash or, in the case of debt securities payable only in U.S. dollars, U.S. government obligations, as trust funds in an amount certified to be sufficient to pay on each date that they become due and payable or a combination of the above sufficient to pay the principal of and interest on, and any mandatory sinking fund payments for, all outstanding debt securities of the series being defeased.
- The issuer or the guarantor delivers to the trustee an opinion of counsel to the effect that:
 - the beneficial owners of the series of debt securities being defeased will not recognize income, gain or loss for U.S. federal income tax purposes as a result of the defeasance or covenant defeasance; and
 - the defeasance or covenant defeasance will not otherwise alter those beneficial owners' U.S. federal income tax treatment of principal and interest payments on the series of debt securities being defeased.

In the case of a defeasance, but not in the case of covenant defeasance, this opinion must be based on a ruling of the Internal Revenue Service or a change in U.S. federal income tax law occurring after the date of this prospectus, since that result would not occur under current tax law.

Modification of the MSFL Senior Debt Indenture

Modifications Without Consent of Holders. The issuer, the guarantor and the trustee may enter into supplemental indentures without the consent of the holders of debt securities issued under a particular indenture to:

- o secure any debt securities (and to secure the guarantee of any debt securities securities);
- o evidence the assumption by a successor of the obligations of the issuer or the guarantor (including to evidence the merger of MSFL with and into Morgan Stanley and, in such case, to evidence the elimination of the guarantee);
- o add covenants for the protection of the holders of debt securities;
- o cure any ambiguity or correct any inconsistency;

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- o add to, change or eliminate any of the provisions of the indenture in respect of all or any securities of any series; provided that any such addition, change or elimination (i) shall neither (a) apply to any security issued prior to the execution of such supplemental indenture and entitled to the benefit of such provision nor (b) modify the rights of any holder of such security with respect to such provision or (ii) shall become effective only when there is no such security outstanding;
- o establish the forms or terms of debt securities of any series; or
- o evidence the acceptance of appointment by a successor trustee. (MSFL Senior Debt Indenture, Section 8.01).

Modifications with Consent of Holders. The issuer, the guarantor and the trustee, with the consent of the holders of not less than a majority in aggregate principal amount of each affected series of outstanding debt securities, voting as one class, may add any provisions to, or change in any manner or eliminate any of the provisions of, the applicable indenture or modify in any manner the rights of the holders of those debt securities. However, the issuer, the guarantor and the trustee may not make any of the following changes to any outstanding debt security without the consent of each holder that would be affected by such change:

- o extend the final maturity of the principal;
- o reduce the principal amount;

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- o reduce the rate or extend the time of payment of interest;
- o reduce any amount payable on redemption;
- o change the currency in which the principal and any amount of original issue discount, premium, or interest thereon is payable;
- o modify or amend the provisions for conversion of any currency into another currency;
- o reduce the amount of any original issue discount security payable upon acceleration or provable in bankruptcy;
- o alter the terms on which holders of the debt securities may convert or exchange debt securities for stock or other securities of the issuer or of other entities or for other property or the cash value of the property, other than in accordance with the antidilution provisions or other similar adjustment provisions included in the terms of the debt securities;
- o alter certain provisions of the indenture relating to debt securities not denominated in U.S. dollars;
- o impair the right of any holder to institute suit for the enforcement of any payment on any debt security when due;
- o remove the guarantee (except upon the merger of MSFL with and into Morgan Stanley); or
- o reduce the percentage of debt securities the consent of whose holders is required for modification of the indenture (MSFL Senior Debt Indenture, Section 8.02).

Replacement of Debt Securities

At the expense of the holder, the issuer may, in its discretion, replace any debt securities that become mutilated, destroyed, lost or stolen or are apparently destroyed, lost or stolen. The mutilated debt securities must be delivered to the trustee, the paying agent and the registrar, in the case of registered debt securities, or satisfactory evidence of the destruction, loss or theft of the debt securities must be delivered to the issuer, the guarantor, the paying agent, the registrar, in the case of registered debt securities, and the

trustee. At the expense of the holder, an indemnity that is satisfactory to the issuer, the guarantor, the principal paying agent, the registrar, in the case of registered debt securities, and the trustee may be required before a replacement debt security will be issued.

Concerning the Issuer's and the Guarantor's Relationship with the Trustee

Morgan Stanley, MSFL and other subsidiaries of Morgan Stanley and affiliates of MSFL maintain ordinary banking relationships and credit facilities with The Bank of New York Mellon, a New York banking corporation (including as successor to JPMorgan Chase Bank, N.A. and J.P. Morgan Trust Company, National Association).

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Governing Law

The debt securities, Morgan Stanley's guarantee of debt securities issued by MSFL and the MSFL Senior Debt Indenture will be governed by, and construed in accordance with, the laws of the State of New York.

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EXHIBIT 10.4

AMENDMENT TO THE MORGAN STANLEY 401(k) PLAN

Morgan Stanley Services Group Inc. (the "Company"), pursuant to authority granted to it by Morgan Stanley Domestic Holdings, Inc., LLC, hereby amends the Morgan Stanley 401(k) Plan, effective as of January 1, 2024, unless otherwise stated, as follows:

1. Appendix A, IIG Participating Companies, Effective August 1, 2023, Section 2, Definitions, is amended by inserting "through February 27, 2023" at replacing the end definition of "Company" therein with the entry for Hyas Group, LLC, following:

"Company" means Morgan Stanley Domestic Holdings, LLC, a Delaware limited liability company, which shall be the Plan's sponsor. Prior to August 1, 2023, 'Company' meant Morgan Stanley Domestic Holdings, Inc., a Delaware corporation, and prior to July 1, 2011, 'Company' meant Morgan Stanley & Co. Incorporated, a Delaware corporation."

2. Appendix B, Morgan Stanley Participating Companies Effective January 1, 2025, Section 2, Definitions, is further amended by inserting the following definitions in proper alphabetical order:

"Disaster Relief Withdrawal" means a withdrawal of up to \$22,000 for a participant that has been economically impacted by a major disaster as declared by the President of the United States under the Robert T. Stafford Disaster Relief and Emergency Assistance Act within 180 calendar days of the major disaster."

"Domestic Abuse Survivor Withdrawal" means a withdrawal of the lesser of (a) up to \$10,000 (as indexed for inflation), or (b) 50% of the account balance, of a Participant who is the victim of domestic abuse."

"Qualified Birth or Adoption Distribution" means a withdrawal of up to \$5,000 per child for use in connection with a qualified birth or adoption."

3. Effective January 1, 2025, Section 5(a)(iii) is amended by inserting a new entry at the end thereof as follows: following after the first sentence thereof:

"Morgan Stanley Institutional Investment Advisors LLC, Notwithstanding the foregoing, effective February 28, 2023 January 1, 2025, a Participant who is ages 60 through 63 during the Plan Year shall be entitled to make an increased catch-up contribution up to an amount equal to the greater of \$10,000 or 150% of the regular catch-up contribution limit under Code Section 414(v)."

- 3.4. Appendix B, Morgan Stanley Participating Companies Section 6(a), Matching Contributions, is further amended by inserting “(\$275,001 for years beginning with the 2024 Plan Year)” immediately following “\$275,000” in the third sentence thereof.
5. Section 6(c), Fixed Contributions, is amended by inserting “(\$100,001 for years beginning with the 2024 Plan Year)” immediately following “\$100,000” in clause (c)(1)(i) thereof.

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6. Section 6(h), Form of Contributions is amended by inserting the following at the end thereof:

“Notwithstanding anything the Plan to the contrary, the amount of cash required to be contributed by the Company for purposes of Company Contributions shall not exceed the amount of Company Contributions required, reduced by the amount of any forfeitures used to offset Company Contributions in accordance with Section 10(b)(i).”

7. Effective August 1, 2023, Section 8, Employee Stock Ownership Plan, is amended by adding the following after the first sentence of the final paragraph of subsection (a):

“Effective August 1, 2023, Morgan Stanley Domestic Holdings, Inc. converted to a Delaware limited liability company under the name Morgan Stanley Domestic Holdings, LLC.”

8. Section 10(b), Forfeitures, is amended by replacing the penultimate sentence of subsection (i) thereof with the following:

“All such restorations shall be made first from forfeitures arising in the Plan Year in which the restoration occurs and, to the extent such forfeitures are not sufficient, from a special employer contribution which shall be made for that purpose.”

9. Section 10(b), Forfeitures, is further amended by replacing subsection (ii) thereof with the following:

“Amounts forfeited under subsection (i) or for any other reason shall be applied to reduce Company Contributions to Participant's Accounts pursuant to Section 6. If the Company chooses (in its capacity as a settlor) to satisfy its Company Contributions due pursuant to Section 6 in cash (without the use of forfeitures to reduce, in whole or in part, the Company Contributions otherwise due), any remaining forfeitures shall first be used to make restoration payments in accordance with subsection (i) and then shall be used for any permissible purpose, including but not limited to, the payment of reasonable Plan expenses not otherwise paid by the Company (in its capacity as a settlor) or satisfied through other means. Notwithstanding anything herein to the contrary, this Section 10(b)(ii) shall not apply to any forfeiture needed to comply with Section 5(h), which shall be used in accordance with the correction procedures established by the Internal Revenue Service.

10. Effective January 1, 2025, Section 12, Withdrawals and Loans, is amended by renumbering existing clauses (9) and (10) of subsection (h) as clauses (10) and (11) and inserting a new clause (9) as follows:

“(9) a Disaster Relief Withdrawal;”

11. Effective January 1, 2025, Section 12, Withdrawals and Loans, is further amended by adding new subsections (j) and (k) as follows:

“Milliman, Inc. and Milliman Advisors LLC (j) Qualified Birth or Adoption Distribution. Any Effective January 1, 2025, a Participant may withdraw a Qualified Birth of Adoption Distribution if made during the one-year

period beginning on the date the child of the Participant is born or the legal adoption by the Participant of an eligible adoptee is finalized. The distribution of up to \$5,000 for each child may be made with respect to multiple births or adoptions if the distribution is made within the one-year period following the date on which the children are born, or the adoptions are finalized. An 'eligible adoptee' is defined for this purpose as any individual who became has not attained age 18 or is physically or mentally incapable of self-support. An individual is physically or mentally incapable of self-support if they are unable to engage in any substantial gainful activity. A Qualified Birth or Adoption Distribution shall not be treated as an Eligible Employee in connection with the acquisition of assets of Milliman, Inc. and Milliman Advisors, LLC pursuant eligible rollover distribution. A Participant may elect to repay a Qualified Birth or Adoption Distribution to the Asset Purchase Agreement between Milliman, Inc, Milliman Advisors Plan."

"(k) Domestic Abuse Survivor Withdrawal. Effective January 1, 2025, a Participant may receive a Domestic Abuse Survivor Withdrawal if made during the one-year period beginning on any date that the Participant is a victim of domestic abuse by a spouse or domestic partner. The term 'domestic abuse' means physical, psychological, sexual, emotional, or economic abuse, including efforts to control, isolate, humiliate, or intimidate the victim or to undermine the victim's ability to reason independently, including by means of abuse of the victim's child or another family member living in the household. A Domestic Abuse Survivor Withdrawal shall not be treated as an eligible rollover distribution. A Participant may elect to repay a Domestic Abuse Survivor Withdrawal to the Plan within three years from the date the Domestic Abuse Survivor Withdrawal is made from the Plan."

12. Effective January 1, 2025, Section 13(a), Incorporation of Code Section 401(a)(9), is amended by inserting the following at the end of subsection (ii) thereof:

"(5) Notwithstanding the foregoing, effective January 1, 2025, the references in this subsection 13(a)(ii) to ages 70½ and 72 shall be replaced with:

- Age 75 for a MS Participant born on or after January 1, 1960;
- Age 73 for a MS Participant born on or after January 1, 1951 but before January 1, 1960;
- Age 72 for a MS Participant born on or after July 1, 1949 but before January 1, 1951; and
- Age 70½ for a MS Participant born before July 1, 1949."

13. Effective January 1, 2025, Section 13(a), Incorporation of Code Section 401(a)(9), is further amended by inserting the following at the end of subsection (iii) thereof:

"(4) Notwithstanding the foregoing, effective January 1, 2025, the references in this subsection 13(a)(ii) to ages 70½ and 72 shall be replaced with:

- Age 75 for an IIG Participant born on or after January 1, 1960;
- Age 73 for an IIG Participant born on or after January 1, 1951 but before January 1, 1960;
- Age 72 for an IIG Participant born on or after July 1, 1949 but before January 1, 1951; and
- Age 70½ for an IIG Participant born before July 1, 1949."

14. Effective August 1, 2023, Section 21, Execution, is amended to update the signature block therein as follows:

"MORGAN STANLEY DOMESTIC HOLDINGS, LLC

By: _____"

15. Effective January 1, 2025, Supplement A, Top Heavy Provisions, is amended by inserting the following at the end of Section 2, Plan Distributions, thereof:

"Effective January 1, 2025, the references in this section to ages 70½ and Cook 72 shall be replaced with:

- Age 75 for a Participant born on or after January 1, 1960;
- Age 73 for a Participant born on or after January 1, 1951 but before January 1, 1960;

- Age 72 for a Participant born on or after July 1, 1949 but before January 1, 1951; and
- Age 70½ for a Participant born before July 1, 1949.”

16. Effective July 1, 2024, Appendix B, Morgan Stanley Participating Companies, is amended by adding “—June 30, 2024” to the Date of Adoption of Plan column of the table at the beginning of such Appendix B for the “Cook Street Consulting, Inc. dated November 13, 2023 and who was, immediately prior to becoming an Eligible Employee, an employee of Milliman, shall (i) become eligible to commence participation in the Plan effective December 29, 2023, and (ii) the term “Period of Service” shall include such individual’s service with Milliman, Inc. or Milliman Advisors LLC (or each of their eligible predecessors as determined by the Plan Administrator) for purposes of determining the vested percentage of such Eligible Employee’s Plan Benefit pursuant to Section 10 of the Plan. An Hour of Service as defined in Section 4(b) of the Plan shall include each hour for which a former employee of Milliman was paid, or entitled to payment, for the performance of services for Milliman, Inc. or Milliman Advisors LLC.” entry.

IN WITNESS WHEREOF, the Company has caused this Amendment to be executed on its behalf as of this 15th day of December, 2023. December 16, 2024.

MORGAN STANLEY SERVICES GROUP INC.

By: /s/ Mandell Crawley

Name: Mandell Crawley

Title: Morgan Stanley Chief Human Resources Officer

EXHIBIT 10.20

Morgan Stanley

Equity Incentive Compensation Plan

[YEAR] DISCRETIONARY RETENTION AWARDS

AWARD CERTIFICATE FOR STOCK UNITS 10.6

MORGAN STANLEY

DIRECTORS’ EQUITY CAPITAL ACCUMULATION PLAN

(as amended and restated November 1, 2024)

Section 1. Purpose

Morgan Stanley

[YEAR]

Discretionary Retention Awards

Award Certificate for Stock Units

Morgan Stanley, has awarded you retention stock units as part a Delaware corporation (the "Company"), hereby adopts the Morgan Stanley Directors' Equity Capital Accumulation Plan (the "Plan"). The purpose of your discretionary incentive compensation the Plan is to promote the long-term growth and as an incentive for you to remain financial success of the Company by attracting, motivating and retaining non-employee directors of outstanding ability and assisting the Company in Employment promoting a greater identity of interest between the Company's non-employee directors and provide services its stockholders.

Capitalized terms used herein without definition have the meanings ascribed thereto in Section 24.

Section 2. Eligibility and Limitation on Director Compensation

Only directors of the Company who are not employees of the Company or any affiliate of the Company (the "Eligible Directors") shall participate in the Plan.

Notwithstanding anything in this Plan to the Firm through contrary, the Scheduled Vesting Date(s) aggregate dollar value of Awards granted and Retainers paid to any individual Eligible Director for any Annual Service Period shall not exceed seven hundred and fifty thousand dollars (\$750,000). This Award Certificate sets forth The value of any Awards shall be determined based on the general terms and conditions Fair Market Value of your [year] stock unit award. The number a share of stock units in your award has been communicated to you independently. Stock on the grant date.

If you are employed outside Section 3. Plan Operation

(a) **Administration.** Other than as provided in Section 5(c)(v), the United States, you will also receive an "International Supplement" Plan requires no discretionary action by any administrative body with regard to any transaction under the Plan. To the extent, if any, that contains supplemental terms questions of administration arise, these shall be resolved by the Board. The Board may, in its discretion, delegate to the Chief Financial Officer, the Chief Legal Officer, the Secretary of the Company or to one or more officers of the Company any or all authority and conditions for your [year] stock unit award. You should read this Award Certificate in conjunction with the International Supplement, if applicable, in order responsibility to understand the terms and conditions of your stock unit award.

Your stock unit award is made act pursuant to the Plan. References All references to "stock units" the "Plan Administrators" in the Plan shall refer to the Board, or the Chief Financial Officer, the Chief Legal Officer, the Secretary or to one or more officers of the Company if the Board has delegated its authority pursuant to this Award Certificate mean only those stock units included Section 3(a). The determination of the Plan Administrators on all matters within their authority relating to the Plan shall be conclusive.

(b) **No Liability.** The Plan Administrators shall not be liable for any action or determination made in your [year] stock unit award, and the terms and conditions herein apply only good faith with respect to such award. If you receive any other award under the Plan or another equity compensation plan, it will be governed by any award hereunder, and the terms Company shall indemnify and conditions hold harmless the Plan Administrators from all losses and expenses (including reasonable attorneys' fees) arising from the assertion or judicial determination of the applicable award documentation, which may be different from those herein.

The purpose of the stock unit award is, among other things, to align your interests with the interests of the Firm and Morgan Stanley's stockholders, to reward you for your continued Employment and service to the Firm in the future and your compliance with the Firm's policies (including the Code of Conduct), to protect the Firm's interests in non-public, confidential and/or proprietary information, products, trade secrets, customer relationships, and other legitimate business interests, and to ensure an orderly transition of responsibilities. In view of these purposes, you will earn [each portion of] your [year] stock unit award only if you (1) remain in continuous Employment through the [applicable] Scheduled Vesting Date (subject to limited exceptions set forth below), (2) do not engage in any activity that is a cancellation event set forth in Section 10(c) below and (3) satisfy obligations you owe to the Firm as set forth in Section 12 below. Even if your award has vested, you will have no right to your award if a cancellation event occurs under the circumstances set forth in Section 10(c) below. As Morgan Stanley deems appropriate, it will require you to provide a written certification or other evidence, from time to time in its sole discretion, to confirm that no cancellation event has occurred, including upon a termination of Employment and/or during a specified period of time prior to the [applicable] Scheduled Conversion Date. If you fail to timely provide any required certification or other evidence, Morgan Stanley will cancel your award. It is your responsibility to provide the Executive Compensation Department with your up-to-date contact information. such liability.

Capitalized terms used in this Award Certificate that are not defined in the text have the meanings set forth in Section 22 below. Capitalized terms used in this Award Certificate that are not defined in the text or in Section 22 below have the meanings set forth in the Plan.

1. Section 4. Shares of Stock units generally.

Each of your stock units corresponds to one share of Morgan Stanley common stock. A stock unit constitutes a contingent and unsecured promise of Morgan Stanley to pay you one share of Morgan Stanley common stock on the conversion date for the stock unit. As the holder of stock units, you have only the rights of a general unsecured creditor of Morgan Stanley. You will not be a stockholder with respect Subject to the shares of Morgan Stanley common stock corresponding to your stock units unless and until your stock units convert to shares.

2. Vesting schedule and conversion. Plan

(a) Vesting schedule. Stock Except. Awards under the Plan shall relate to shares of Stock.

(b) Shares Available for Awards. Subject to Section 4(c) (relating to adjustments upon changes in capitalization), as otherwise provided in this Award Certificate, your stock units will vest on of any date, the Scheduled Vesting Date[(s)].¹ Except as otherwise provided in this Award Certificate, your stock units will vest only if you continue total number of shares of Stock with respect to provide future services which awards may be granted under the Plan shall be equal to the Firm by remaining in continuous Employment through excess (if any) of (i) 3,450,000 shares over (ii) the [applicable] Scheduled Vesting Date sum of (A) the number of shares subject to outstanding awards granted under the Plan and providing value added services (B) the number of shares previously issued pursuant to the Firm Plan. In accordance with (and without limitation upon) the preceding sentence, shares of Stock covered by awards granted under the Plan that are canceled or expire unexercised shall again become available for awards under the Plan. Shares of Stock that shall be issuable pursuant to the awards granted under the Plan shall be authorized and unissued shares, treasury shares or shares of Stock purchased by, or on behalf of, the Company in open-market transactions.

(c) Adjustments. In the event of any merger, reorganization, recapitalization, consolidation, sale or other distribution of substantially all of the assets of the Company, any stock dividend, split, spin-off, split-up, split-off, distribution of cash, securities or other property by the Company, or other change in the Company's corporate structure affecting the Stock, then the following shall be automatically adjusted in order to prevent dilution or enlargement of the benefits or potential benefits intended to be awarded under the Plan:

- (i) the aggregate number of shares of Stock reserved for issuance under the Plan;
- (ii) the number of shares of Stock subject to outstanding awards;
- (iii) the number of Stock Units credited pursuant to Section 6 and Section 9 of the Plan;
- (iv) the per share purchase price of Stock subject to any stock options granted pursuant to the Plan; and
- (v) the number of shares to be granted pursuant to any other automatic awards that may be provided for under the Plan in the

future.

(d) Types of Award. The Company's stockholders originally approved the Plan on April 19, 1996, and have subsequently approved amendments to the Plan. The types of award authorized by the stockholders under the Plan are Director Stock, Stock Units, shares of Stock awarded at an Eligible Director's election pursuant to Section 11 and stock options.

Section 5. Stock Options

(a) Effective as of February 8, 2005 (the "Stock Option Transition Date"), no additional stock options will be awarded under the Plan.

(b) Section 5(a) shall not impair the rights of any person in any stock option that was awarded under the Plan prior to the Stock Option Transition Date. All such stock options shall remain subject to the terms and conditions applicable thereto.

(c) The following terms and conditions apply to stock options issued under the Plan, including without limitation all stock options issued prior to the Stock Option Transition Date:

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(i) **Nontransferability.** No stock option granted pursuant to the Plan shall be sold, assigned or otherwise transferred by an Eligible Director other than by will or the laws of descent or distribution and any such stock option may be exercised during the Eligible Director's lifetime only by such Eligible Director.

(ii) **Limitation on Exercise.** No stock option granted pursuant to this timeframe. The special vesting terms set forth Plan may be exercised for a period of six (6) months from the date such stock option was granted.

(iii) **Effect of Termination.**

(A) If an Eligible Director's service as a director of the Company terminates for a reason other than for Cause, then any stock option granted to such Eligible Director shall remain exercisable following the date of such Eligible Director's termination of service in Sections 5, 6, 7 and 8 of this Award Certificate apply (i) if your Employment accordance with the following provisions:

(a) **Disability, Normal Retirement or Death.** If service terminates by reason of your Disability, Normal Retirement or death, or Disability, (ii) upon your Full Career Retirement, (iii) if until the Firm expiration date of the stock option.

(b) **Other.** If service terminates your employment in for any other reason (except for Cause), until the earlier of 90 days after the termination date and the expiration date of the stock option.

(B) If an involuntary termination Eligible Director is terminated for Cause, all stock options granted under the circumstances described Plan to such Eligible Director shall be canceled and shall no longer be exercisable, effective on the date of such Eligible Director's termination for Cause.

(iv) **Expiration Date of Stock Options.** All stock options granted under the Plan shall expire on the tenth anniversary of the date on which they are granted.

(v) **Extension of Exercisability.** Notwithstanding any other provision hereof, the Board shall have the authority, in Section 6, (iv) upon a Governmental Service Termination or (v) upon a Qualifying Termination. Vested its discretion, to amend any outstanding stock units remain subject option granted pursuant to the cancellation Plan to extend the exercisability thereof; *provided, however,* that no such amendment shall cause such stock option to remain exercisable beyond its original expiration date.

(d) Notwithstanding Section 5(a), stock options remain one of the types of award that the stockholders of the Company have authorized for the Plan, and withholding provisions set forth Section 5(a) shall not impair the authority of the Board under Section 15 to amend the Plan in this Award Certificate. the future to provide for awards of stock options without obtaining additional stockholder approval.

(a)

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Section 6. Initial and Annual Awards

(b)(a) **Conversion. Initial Awards** Except as. On the first day of the calendar month following the month in which any person becomes an Eligible Director, otherwise provided in this Award Certificate, your stock units will, to the extent vested, convert to shares of Morgan Stanley common stock on the [applicable] Scheduled Conversion Date[(s)]², with any fractional shares to be distributed in cash. The special conversion provisions set forth in Sections 5(a), 5(b), 7 and 8 of this Award Certificate apply (i) if your Employment terminates than by reason of your death being elected to the Board at an Annual Meeting, such Eligible Director shall be entitled to receive a number of Initial Stock Units obtained by dividing (x) \$275,000 prorated for service during the period beginning on the first day of the calendar month during which such person becomes an

Eligible Director until the last day of the calendar month immediately preceding the calendar month during which the first anniversary of the immediately preceding Annual Meeting will occur by (y) the Fair Market Value of a share of Stock on the first day of the calendar month following the month in which such person becomes an Eligible Director; *provided, however*, that if such a person is elected, appointed or you die after termination otherwise becomes an Eligible Director less than 60 days prior to the Annual Meeting in any year, then such Eligible Director shall not receive Initial Stock Units pursuant to this Section 6(a). 50% of your Employment, (ii) upon your Governmental Service Termination or your employment at a Governmental Employer following your termination the Initial Stock Units awarded to an Eligible Director pursuant to this Section 6(a) shall be credited to the Eligible Director's Career Stock Unit Account and the remaining 50% of employment with the Firm under circumstances set forth in Section 7(b) or (iii) upon a Qualifying Termination. Initial Stock Units shall be credited to the Eligible Director's Current Stock Unit Account.

(b) **Subsequent Awards.** As of the first day of the calendar month following the calendar month in which each Annual Meeting occurs (each such date, an "Annual Grant Date"), each Eligible Director, including, without limitation, any Eligible Director who becomes a member of the Board by reason of being elected to the Board at such Annual Meeting, shall be entitled to receive a number of Annual Stock Units obtained by dividing \$275,000 by the Fair Market Value of a share of Stock on the applicable Annual Grant Date; *provided*, that such Eligible Director shall continue to serve as a director of the Company after such Annual Meeting. 50% of the Annual Stock Units awarded to an Eligible Director pursuant to this Section 6(b) shall be credited to the Eligible Director's Career Stock Unit Account and the remaining 50% of the Annual Stock Units shall be credited to the Eligible Director's Current Stock Unit Account. Annual Stock Units and Initial Stock Units credited to the Eligible Director's Career Stock Unit Account pursuant to this Section 6(b) or pursuant to Section 6(a) above are referred to as "Career Stock Units".

(c) **Limitation on Transfer.** Any Director Stock awarded under the Plan may not be sold, transferred, pledged, assigned or otherwise conveyed by an Eligible Director for a period of six (6) months from the date such Director Stock is awarded. Neither Annual Stock Units nor Initial Stock Units may be sold, transferred, pledged, assigned or otherwise conveyed by an Eligible Director. The shares delivered upon conversion of stock units pursuant to this Section 2(b) Annual Stock Units and Initial Stock Units will not be subject to any transfer restrictions, other than those that may arise under the securities laws or the Firm's policies or Section 12 below, or to cancellation under the circumstances set forth in Section 10(c).³ Company's policies.

(c) (d) **Accelerated conversion. No Effect on Prior Initial Awards or Prior Subsequent Awards Morgan Stanley.** The provisions of this Section 6 apply to all Initial Awards and Subsequent Awards made on or after the Stock Unit Transition Date. Nothing herein shall have no right to accelerate alter the conversion grants of any of your stock units, except to the extent that such acceleration is not prohibited by Section 409A Initial Awards and would not result in your being required to recognize income for United States federal income tax purposes before your stock units convert to shares of Morgan Stanley common stock or your incurring additional tax or interest under Section 409A. If any stock units are converted to shares of Morgan Stanley common stock Subsequent Awards made prior to the [applicable] Scheduled Conversion Date pursuant to this Section 2(c), these shares may not be transferable and may remain subject to applicable vesting, cancellation and withholding provisions, as determined by Morgan Stanley.

¹ The vesting schedule and related vesting date(s) presented in this form of Award Certificate are indicative. The vesting schedule and related vesting date(s) applicable to awards may vary.

² The conversion schedule and related conversion date(s) presented in this form of Award Certificate are indicative. The conversion schedule and related conversion date(s) applicable to awards may vary.

³ Certain stock unit awards may include transfer restrictions for a specified period following the applicable Scheduled Conversion Stock Unit Transition Date.

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(d) Section 7. Rule of construction for timing of conversion Vesting Schedule

(a) **Initial Stock Units.** The Initial Stock Units shall be fully vested upon grant.

(b) **Annual Stock Units.** Whenever this Award Certificate provides for your stock units The Annual Stock Units shall vest in 12 substantially equal installments on the first day of each month beginning on the applicable Annual Grant Date, assuming that the Eligible Director continues to convert to shares on serve as a Scheduled Conversion Date or upon a different specified event or date, such conversion will be considered to have been timely made, and neither you nor any of your beneficiaries or your estate shall have any claim against the Firm for damages based on a delay in conversion of your stock units (or delivery of Morgan Stanley shares following conversion) and the Firm shall have no liability to you (or to any of your beneficiaries or your estate) in respect of any such delay, as long as conversion is made by December 31st director of the year in which occurs Company through the [applicable] Scheduled Conversion Date or such other specified event or date or, if later, by the 15th first day of the third calendar month following such specified event or date, or, in connection with any such conversions due to death, to the extent permissible under Section 409A, by the end of the calendar year following the year of your death. Similarly, neither you nor any of your beneficiaries or your estate shall have any claim against the Firm for damages, and the Firm shall have no liability to you (or to any of your beneficiaries or your estate), based on any acceleration of the conversion of your stock units pursuant to Section 2(c), as applicable. relevant month.

3. **Dividend equivalent reinvestment.**

If Morgan Stanley pays a regular or ordinary dividend on its common stock, a dividend equivalent will be credited with respect to your stock units outstanding on the dividend record date and reinvested in the form of additional stock units. The additional number of stock units credited to you as a result of this dividend reinvestment shall equal:

- (i) the cash dividend paid on one share of Morgan Stanley common stock, multiplied by
- (ii) the number of stock units subject to your [year] stock unit award on the applicable dividend record date; with the product of (i) and (ii), divided by
- (iii) the fair market value of a share of Morgan Stanley common stock on the dividend payment date, as determined by Morgan Stanley in its sole discretion.

Morgan Stanley will credit the dividend equivalents when it pays the corresponding dividend on its common stock. The additional stock units credited to you as a result of the reinvestment of dividend equivalents will vest and convert at the same time as, and be subject to the same vesting and cancellation provisions set forth in this Award Certificate with respect to, the corresponding stock units, and references to "stock units" in this Award Certificate shall include such additional stock units credited to you as a result of the reinvestment of dividend equivalents described in this Section 4. Any fractional stock units resulting from the application of this Section 4 will, to the extent vested, be paid in cash on the [applicable] Scheduled Conversion Date (or, subject to Section 2(d), on the next administratively practicable payroll date). The decision to pay a dividend and, if so, the amount of any such dividend, is determined by Morgan Stanley in its sole discretion. No dividend equivalents will be paid to you on any canceled stock units.

4.8. **Death, Disability and Full Career Retirement Governmental Service.**

The following special vesting and payment terms apply to your stock units:

(a) **Death during Employment, or Disability.** If your Employment terminates. All of an Eligible Director's unvested Stock Units will vest in full as of the date of the Eligible Director's termination of service on the Board due to death or Disability. Notwithstanding any election made by an Eligible Director on any Deferral Election Form or any other provision of the Plan, in the event of such Eligible Director's death, all of your unvested stock units amounts credited to such Eligible Director's Cash Account, Current Stock Unit Account and Career Stock Unit Account, and any Deferred Amount that has not yet been credited to such Eligible Director's Cash Account or Current Stock Unit Account, will vest on the date of your death. Your stock units will convert to shares of Morgan Stanley common stock and be delivered paid in a lump sum to the Eligible Director's beneficiary you have

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(or if no beneficiary has been designated, pursuant to Section 14 such Eligible Director's estate) upon the Eligible Director's death, provided that such beneficiary or the legal representative of your such Eligible Director's estate, as applicable, upon your death, provided that your estate or beneficiary notifies the Firm Company of your the Eligible Director's death within 60 days following your death.

After your death, the cancellation provisions set forth in Section 10(c) will no longer apply, and the shares delivered upon conversion of stock units pursuant to this Section 5(a) will not be subject to any transfer restrictions (other than those that may arise under the securities laws or the Firm's policies).

(b) Death after Following an Eligible Director's termination of Employment. If you die after service on the termination of your Employment but prior to the [applicable] Scheduled Conversion Date, any vested stock units that you held at the time of your death will convert to shares of Morgan Stanley common stock and be delivered to the beneficiary you have designated pursuant to Section 14 or the legal representative of your estate, as applicable, upon your death, provided that your estate or beneficiary notifies the Firm of your death within 60 days following your death.

After your death, the cancellation provisions set forth in Section 10(c) will no longer apply, and the shares delivered upon conversion of stock units pursuant to this Section 5(b) will not be subject to any transfer restrictions (other than those that may arise under the securities laws or the Firm's policies).

(c) Disability [or Full Career Retirement].⁴ If your Employment terminates Board due to Disability, [or distributions under the Plan will be made in a Full Career Retirement (and accordance with the Eligible Director's Deferral Election, and in the case absence of a Full Career Retirement Deferral Election, as provided in which the Firm terminates your employment under circumstances not involving any cancellation event, you sign an agreement and release satisfactory to the Firm)], all of your unvested stock units will vest on the date of your termination and your stock units will convert to shares of Morgan Stanley common stock on the [applicable] Scheduled Conversion Date. [If you do not sign an agreement and release satisfactory to the Firm within the timeframe set by the Firm in connection with your Full Career Retirement under the circumstances described in this Section 4(c), any stock units that were unvested immediately prior to your termination shall be canceled.] The cancellation and withholding provisions set forth in this Award Certificate will continue to apply until the [applicable] Scheduled Conversion Date. 9(a).

5. Involuntary termination by the Firm.⁵

If the Firm terminates your employment under circumstances not involving any cancellation event set forth in Section 10(c), your unvested stock units will vest on the date your employment with the Firm terminates and your stock units will convert to shares of Morgan Stanley common stock on the [applicable] Scheduled Conversion Date, provided that you sign an agreement and release satisfactory to the Firm. If you do not sign such an agreement and release satisfactory to the Firm within the timeframe set by the Firm in connection with your involuntary termination as described in this Section 6, any stock units that were unvested immediately prior to your termination shall be canceled. The cancellation and withholding provisions set forth in this Award Certificate will continue to apply until the [applicable] Scheduled Conversion Date.

6. (b) Governmental Service Resignation.

(a) General treatment Notwithstanding any election made by an Eligible Director on any Deferral Election Form, if an Eligible Director resigns as a director of awards upon Governmental Service Termination. If your Employment terminates in the Company as a Governmental Service Termination and not involving a cancellation event set forth in Section 10(c), then, provided that you sign an agreement

⁴ Certain stock unit awards may not include a provision for Full Career Retirement.

⁵ Treatment upon an involuntary termination by the Firm is indicative and may vary between awards.

satisfactory to the Firm relating to your obligations pursuant to Section 7(c), all result of your unvested stock units will vest on the date of your Governmental Service Termination. Your vested stock units will convert to shares of Morgan Stanley common stock on the date of your Governmental Service Termination.

(b) General treatment of vested awards upon acceptance of accepting employment at a governmental department or agency, self-regulatory agency or other public service employer (a "Governmental Employer following termination of Employment. If your Employment terminates other than in") (such resignation is referred to herein as a "Governmental Service Termination and not involving a cancellation event set forth in Section 10(c) and, following your termination of Employment, you accept employment with a Governmental

Employer, Resignation”), then provided that you sign an agreement satisfactory to (i) if the Firm relating to your obligations pursuant to Section 7(c), all of your outstanding vested stock units will convert to shares of Morgan Stanley common stock upon your commencement of such employment, provided you present Eligible Director provides the Firm Company with satisfactory evidence demonstrating that as a result of such employment, the divestiture of your his or her continued interest in Morgan Stanley Company equity awards or continued ownership of Morgan Stanley common stock Stock is reasonably necessary to avoid the violation of U.S. federal, state or local or foreign ethics law or conflicts of interest law applicable to you the Eligible Director at such Governmental Employer. Employer, all of an Eligible Director’s unvested Stock Units will vest in full as of the date of the Eligible Director’s Governmental Service Resignation, all amounts credited to the Eligible Director’s Current Stock Unit Account and Career Stock Unit Account will be distributed in a lump sum in accordance with Section 9(g), and all transfer restrictions will lift on shares of Director Stock held by the Eligible Director, on the date of such Governmental Service Resignation, and (ii) if the Eligible Director provides the Company with satisfactory evidence demonstrating that as a result of such employment, the divestiture of the Eligible Director’s continued interest in his or her Cash Account is reasonably necessary to avoid the violation of U.S. federal, state or local or foreign ethics law or conflicts of interest law applicable to the Eligible Director at such Governmental Employer, all amounts credited to the Eligible Director’s Cash Account will be distributed in a lump sum on the date of such Governmental Service Resignation.

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(c) **Governmental Service following Resignation.** Notwithstanding any election made by an Eligible Director on any Deferral Election Form, if, following an Eligible Director’s Service Termination Date, the Eligible Director accepts employment with a Governmental Employer, then (i) upon providing the Company with satisfactory evidence demonstrating that as a result of such employment the divestiture of the Eligible Director’s continued interest in Company equity awards or continued ownership of Stock is reasonably necessary to avoid the violation of U.S. federal, state or local or foreign ethics law or conflicts of interest law applicable to the Eligible Director at such Governmental Employer, all amounts credited to the Eligible Director’s Current Stock Unit Account and Career Stock Unit Account will be distributed in a lump sum in accordance with Section 9(g), and all transfer restrictions will lift on shares of Director Stock held by the Director, on the date on which the Eligible Director provides the Company with such satisfactory evidence, and (ii) if the Eligible Director provides the Company with satisfactory evidence demonstrating that as a result of such employment, the divestiture of the Eligible Director’s continued interest in his or her Cash Account is reasonably necessary to avoid the violation of U.S. federal, state or local or foreign ethics law or conflicts of interest law applicable to the Eligible Director at such Governmental Employer, all amounts credited to the Eligible Director’s Cash Account will be distributed in a lump sum on the date on which the Eligible Director provides the Company with such satisfactory evidence.

(c) Section 9. Repayment obligation. Distributions and Deferral Elections

(a) **Distributions.** Distributions from an Eligible Director’s Current Stock Unit Account in respect of Current Stock Units as to which an Eligible Director has not made a Deferral Election will be made, subject to the other provisions of this Plan, in a lump sum on the first anniversary of the date of grant. Distributions from an Eligible Director’s Career Stock Unit Account in respect of Career Stock Units as to which an Eligible Director has not made a Deferral Election will be made, subject to the other provisions of this Plan, in a lump sum on such Eligible Director’s Service Termination Date. Notwithstanding any provision to the contrary in this Plan or any Deferral Election Form, no amounts credited to an Eligible Director’s Career Stock Unit Account shall be distributed prior to such Eligible Director’s Service Termination Date.

(b) **Deferral of Retainers.** An Eligible Director may make a Deferral Election to defer receipt of such Eligible Director’s Retainers for a given service period. An Eligible Director may make such a Deferral Election by submitting a Deferral Election Form to the Secretary, indicating whether distributions are to be made in:

(i) a lump sum on such Eligible Director’s Service Termination Date; or

(ii) installments in accordance with Section 9(f).

(b)

A Deferral Election pursuant to this Section 9(b) must relate to all Retainers to be earned by an Eligible Director during a given service period. Deferral Election Forms must be submitted prior to the start of the calendar year during which the services giving rise to such Retainer to be deferred

begin; *provided, however*, that in the case of an Eligible Director who is newly elected or appointed to the Board, such Eligible Director's Deferral Election Form relating to the

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Retainer earned during the service period commencing on the date of such election or appointment may be submitted within 30 days after the date of such election or appointment. In all cases, a Deferral Election Form shall be effective only with respect to Retainers that are earned after the Deferral Election is made. An Eligible Director may make only one Deferral Election covering Retainers to be earned during a given service period (so that an Eligible Director may not, for example, make one Deferral Election relating to the Annual Retainer and a different Deferral Election relating to a Committee Retainer). Deferral Elections (including indications on the Deferral Election Form as to form of distributions), once made, shall be irrevocable. Notwithstanding the foregoing, a Deferral Election may be superseded with respect to future deferrals of an Eligible Director's Retainers by submitting a new Deferral Election Form to the Secretary, in which case such new Deferral Election shall be effective starting with the Retainer earned in the service period that begins in the calendar year following the calendar year in which such new Deferral Election Form is submitted.

(c) Crediting of Deferrals of Retainers. Deferrals of an Eligible Director's Retainers shall be allocated to a Current Stock Unit Account. As of each Retainer Payment Date, the Company shall credit the Eligible Director's Current Stock Unit Account with a number of Elective Stock Units determined by dividing (X) the Deferred Amount of Retainers that otherwise would be paid in cash on such Retainer Payment Date by (Y) the Fair Market Value of a share of Stock on such Retainer Payment Date.

(d) Deferrals of Current Stock Units. An Eligible Director may make a Deferral Election to defer receipt of the Current Stock Units to be earned for a given service period by submitting a Deferral Election Form to the Secretary indicating whether distributions are to be made in:

(i) a lump sum on such Eligible Director's Service Termination Date; or

(ii) installments in accordance with Section 9(f).

(c)

A Deferral Election pursuant to this Section 9(d) must relate to all Current Stock Units to be earned by an Eligible Director during a given service period. Deferral Election Forms must be submitted prior to the start of the calendar year during which the services giving rise to such Current Stock Units to be deferred begin; *provided, however*, that in the case of an Eligible Director who is newly elected or appointed to the Board, such Eligible Director's Deferral Election Form relating to the Current Stock Units earned during the service period commencing on the date of such election or appointment (that is, 50% of the Eligible Director's Initial Stock Units) may be submitted within 30 days after the date of such election or appointment. In all cases, a Deferral Election Form shall be effective only with respect to Current Stock Units that are earned after the Deferral Election is made. Deferral Elections (including indications on the Deferral Election Form as to form of distributions), once made, shall be irrevocable. Notwithstanding the foregoing, a Deferral Election may be superseded with respect to future deferrals of an Eligible Director's Current Stock Units by submitting a new Deferral Election Form to the Secretary, in which case such new Deferral Election shall be effective starting with the Current Stock Units earned in the service period that begins in the calendar year following the calendar year in which such new Deferral Election Form is submitted.

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(e) Deferrals of Career Stock Units. An Eligible Director may elect to defer receipt of the Career Stock Units to be earned for a given service period by submitting a Deferral Election Form to the Secretary indicating the distributions are to be made in installments in accordance with Section 9(f).

A Deferral Election pursuant to this Section 9(e) must relate to all Career Stock Units to be earned by an Eligible Director during a given service period. Deferral Election Forms must be submitted prior to the start of the calendar year during which the services giving rise to such Career Stock Units to be deferred begin; *provided, however*, that in the case of an Eligible Director who is newly elected or appointed to the Board, such Eligible Director's Deferral Election Form relating to the Career Stock Units earned during the service period commencing on the date of such election or appointment (that is, 50% of the Eligible Director's Initial Stock Units) may be submitted within 30 days after the date of such election or appointment. In all cases, a Deferral Election Form shall be effective only with respect to the Career Stock Units that are earned after the Deferral Election is made. Deferral Elections (including indications on the Deferral Election Form as to form of distributions), once made, shall be irrevocable. Notwithstanding the foregoing, a Deferral Election relating to Career Stock Units may be superseded with respect to future deferrals by submitting a new Deferral Election Form to the Secretary, in which case such new Deferral Election shall be effective starting with the Career Stock Units earned in the service period that begins in the calendar year following the calendar year in which such new Deferral Election Form is submitted.

(f) **Installment Distributions.** Installment distributions shall be made in no more than five annual installments commencing in the calendar year following the year in which the Eligible Director's Service Termination Date occurs. The amount to be distributed in any installment pursuant to a specific Deferral Election Form shall be determined by dividing the number of Stock Units in the Career Stock Unit Account and/or the Current Stock Unit Account, as applicable, that are subject to such Deferral Election Form by the number of remaining installments. Undistributed Deferred Amounts remain subject to the provisions of this Section 9.

(g) **Form of Distributions.** Distributions made from the Current Stock Unit Account and the Career Stock Unit Account shall be for a number of whole shares of Stock equal to the number of whole Stock Units to be distributed and cash in lieu of any fractional share (determined by using the Fair Market Value of a share of Stock on the date on which such distributions are distributed). All distributions from the Cash Account shall be paid in cash.

(h) **Dividend Equivalents.** If any activity there are Stock Units in an Eligible Director's Current Stock Unit Account or event constituting Career Stock Unit Account on a cancellation event set forth dividend record date with respect to the Company's Stock, the Current Stock Unit Account or Career Stock Unit Account, as applicable, shall be credited, on the dividend payment date for such dividend record date, with an additional number of Stock Units ("Dividend Equivalents") equal to:

(i) the cash dividend paid on one share of Stock; *multiplied by*

(ii) the number of Stock Units in such Account on such dividend record date; with the product of (i) and (ii) *divided by*

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(iii) the Fair Market Value of a share of Stock on the dividend payment date.

(a)

Dividend Equivalents credited in respect of Stock Units subject to vesting shall be fully vested upon grant.

(i) **No Effect on Prior Deferral Elections.** The provisions of this Section 10(c) occurs within 9 apply to all Deferral Elections made on or after the applicable period Stock Unit Transition Date. Nothing herein shall alter the terms of time that would have resulted in cancellation effective Deferral Elections made prior to the Stock Unit Transition Date.

(j) **Date of Payment.** Unless the Plan Administrator determines otherwise, whenever a Deferral Election specifies a calendar year for payment of all or a portion of your stock units had they not converted to shares pursuant to Sections 7(a) a Deferred Amount, such payment shall be made on January 2 of the specified calendar year

(k) **Rule of Construction for Timing of Payment.** Whenever a Deferral Election or 7(b) above, you the Plan provides for payment upon a specified event or date, such payment will be required considered to have been timely made, and neither the Eligible Director nor any of his or her beneficiaries or estate shall have any claim against the Company for damages based on a delay in payment, and the Firm shall have no liability to the Eligible Director (or to any of his or her beneficiaries or estate) in respect of any such delay, as long as payment is made by December 31 of the year in which occurs the applicable specified event or date or, if later, by the 15th day of the third calendar month following such specified event or date.

(l) **Deferral of Meeting Fees.** As of the Stock Option Transition Date, the Company does not pay Meeting Fees. In the event that the Company determines in the future to pay Meeting Fees to Morgan Stanley Eligible Directors, and in the case of Meeting Fees deferred prior to the Stock Option Transition Date, the provisions of this Section 9 relating to elective deferrals of Retainers, and the provisions of Section 11 relating to Stock Elections, shall apply to such Meeting Fees ~~mutatis mutandis~~; provided, however, that any Deferred Amount resulting from deferral of all or part of an amount equal to:

(1) Eligible Director's Meeting Fees (other than Meeting Fees for meetings of the number of stock units that would have been canceled upon the occurrence of such cancellation event multiplied by the fair market value, determined using a valuation methodology established by Morgan Stanley, of Morgan Stanley common stock Board or any committee thereof held on the date your stock units converted of an Annual Meeting) will initially be credited to shares the Cash Account as of Morgan Stanley common stock; plus

(2) the date on which the Eligible Director becomes entitled to payment of the Meeting Fees, shall thereafter be credited with Interest Equivalents as calculated under this Section 9(l) (such Deferred Amount as increased by such Interest Equivalents being the "interest on Adjusted Deferred Amount") and will thereafter be debited from the amount described in clause (1) above at Cash Account and credited to the average rate Eligible Director's Current Stock Unit Account as of interest Morgan Stanley paid to borrow money from financial institutions during the period from date of the next Annual Meeting following the date of such conversion through meeting (or, if the Eligible Director's service on the Board terminates prior to the next Annual Meeting following the date preceding the payment date.

7. **Qualifying Termination.**

If your employment terminates in a Qualifying Termination, all of your unvested stock units will vest, cancellation provisions will lapse, and, subject to Section 9, your stock units will convert to shares such meeting, as of Morgan Stanley common stock upon your Qualifying Termination.

8. **Specified employees.**

Notwithstanding any other terms of this Award Certificate, if Morgan Stanley considers you to be one of its "specified employees" as defined in Section 409A at the time of your Separation from Service, any conversion of your stock units that otherwise would occur upon your Separation from Service (including, without limitation, stock units payable upon your Qualifying Termination, as provided in Section 8) will be delayed until the first business day following his or her Service Termination Date), with the number of Stock Units credited to the Current Stock Unit Account being the amount obtained by dividing (i) the relevant Adjusted Deferred Amount by (ii) the Fair Market Value of a share of Stock on the date of such Annual Meeting or the Service Termination Date, as applicable. As of the last day of each fiscal quarter and the Eligible Director's Service Termination Date, the Eligible Director's Cash Account will be credited with an Interest Equivalent equal to (i) the Rate of Interest, multiplied by (ii) the Average Daily Cash Balance, multiplied by (iii) the number of days during

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the fiscal quarter or other period during which such Cash Account had a positive balance, divided by (iv) 365.

Section 10. **Designation of Beneficiaries**

An Eligible Director may designate one or more beneficiaries to receive any distributions under the Plan upon the Eligible Director's death, and may change such designation at any time by submitting a new beneficiary designation form to the Secretary.

Section 11. **Election to Receive Stock**

(a) Effective as of November 1, 2018 (the "Stock Transition Date"), an Eligible Director may no longer make a Stock Election under the Plan.

(b) Section 11(a) shall not impair the rights of any person who received all or any part of such person's Retainers in shares of Stock awarded under the Plan prior to the Stock Transition Date. All such shares of Stock shall remain subject to the terms and conditions applicable thereto.

(c) The following terms and conditions apply to Stock Elections and shares of Stock issued under the Plan pursuant to a Stock Election prior to the Stock Transition Date:

(i) **Payment in Stock.** As of each Retainer Payment Date, an Eligible Director who has made a Stock Election will receive, in lieu of the Retainer elected to be received in Stock, a whole number of shares of Stock (but not fractional shares) determined by dividing:

(a)

(A) the amount of the Retainer that is six months after your Separation payable to the Eligible Director on the applicable Retainer Payment Date and is subject to a Stock Election; by

(B) the Fair Market Value of a share of Stock on such Retainer Payment Date.

In no circumstances shall an Eligible Director be entitled to receive, or shall the Company have any obligation to issue to the Eligible Director, any fractional share of Stock. In lieu of any fractional share of Stock, the Eligible Director shall be entitled to receive, and the Company shall be obligated to pay to such Eligible Director, cash equal to the value of any fractional share of Stock (determined by using the Fair Market Value of a share of Stock on such Retainer Payment Date).

(d) Notwithstanding Section 11(a), shares of Stock awarded at an Eligible Director's election pursuant to this Section 11 remain one of the types of award that the stockholders of the Company have authorized for the Plan, and Section 11(a) shall not impair the authority of the Board under Section 15 to amend the Plan in the future to provide for awards of shares of Stock without obtaining additional stockholder approval.

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Section 12. Fair Market Value

"Fair Market Value" shall mean, with respect to each share of Stock for any day:

(a) if the Stock is listed for trading on the New York Stock Exchange, (i) the volume weighted average price of the Stock, reflecting composite trading between 9:30 a.m. and 4:00 p.m. (Eastern time) on such date, as reported by the Bloomberg Professional Service on the MS Equity Volume at Price page under the "VWAP" field, at 4:00 p.m. on such date, rounded up to the nearest whole cent, or, if not so reported, as reported by another third party source to which the Company has access on such date, or if no such reported sale of the Stock shall have occurred on such date, on the most recent date on which such a reported sale occurred; or (ii) if the volume weighted average price is not available from Service; a third party source to which the Company has access on such date or on the most recent date on which a reported sale occurred, "Fair Market Value" will be the average of the high and low prices of the Stock as reported on the Consolidated Transaction Reporting System on such date, or if no such reported sale of the Stock shall have occurred on such date, on the most recent date on which such a reported sale occurred; or

(b) if the Stock is not so listed, but is listed on another national securities exchange, the closing price, regular way, of the Stock on such exchange, rounded up to the nearest whole cent, on which the largest number of shares of Stock have been traded in the aggregate on the preceding twenty trading days, or, if no such reported sale of the Stock shall have occurred on such date on such exchange, on the most recent date on which such a reported sale occurred on such exchange, or

(c) if the Stock is not listed for trading on a national securities exchange, the average of the closing bid and asked prices as reported by the National Association of Securities Dealers, rounded up to the nearest whole cent, or, if no such prices shall have been so reported for such date, on the most recent date for which such prices were so reported.

Section 13. Issuance of Stock

(a) **Restrictions on Transferability.** All shares of Stock delivered under the Plan shall be subject to such stop-transfer orders and other restrictions as the Company may deem advisable or legally necessary under any laws, statutes, rules, regulations and other legal requirements, including, without limitation, those of any stock exchange upon which the Stock is then listed and any applicable federal, state or foreign securities law.

(b) **Compliance with Laws.** Anything to the contrary herein notwithstanding, the Company shall not be required to issue any shares of Stock under the Plan if, in the opinion of legal counsel to the Company, the issuance and delivery of such shares would constitute a violation by the Eligible Director or the Company of any applicable law or regulation of any governmental authority, including, without limitation, federal and state securities laws, or the regulations of any stock exchanges on which the Company's securities may then be listed.

Section 14. Withholding Taxes

The Company may require as a condition of delivery of any shares of Stock that the Eligible Director remit (i) in cash, (ii) by tendering (or attesting to the ownership of) shares

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of Stock that the Company determines will not result in unfavorable accounting treatment or (iii) by the Company withholding shares of Stock, an amount sufficient to satisfy all foreign, federal, state, local and other governmental withholding tax requirements relating thereto (if any) and, exclusively in the case of an award that does not constitute a deferral of compensation subject to Section 409A, any or all indebtedness or other obligation of the Eligible Director to the Company or any of its subsidiaries. In the case of any award that constitutes a deferral of compensation subject to Section 409A, the Company may not withhold shares of Stock to satisfy obligations that an Eligible Director owes to the Company or any of its subsidiaries other than with respect to taxes or other governmental charges imposed on amounts received by the Eligible Director pursuant to such award, except to the extent such withholding is not prohibited by Section 409A and would not cause the Eligible Director to recognize income for United States federal income tax purposes prior to the time of payment of the award or to incur interest or additional tax under Section 409A. Any shares tendered or withheld pursuant to this Section 14 will be valued at Fair Market Value on the relevant payment or exercise date, as applicable.

Section 15. Plan Amendments and Termination

The Board may suspend or terminate the Plan at any time, in whole or in part. Termination of the Plan shall not adversely affect the rights of Eligible Directors in Career Stock Unit Accounts, Cash Accounts and Current Stock Unit Accounts outstanding at the time of termination. Notwithstanding any termination of the Plan, distributions to Eligible Directors in respect of their Career Stock Unit Accounts, Cash Accounts and Current Stock Unit Accounts shall be made at the times and in the manner provided herein.

The Board may also alter, amend or modify the Plan at any time. These amendments may include (but are not limited to) changes that the Board considers necessary or advisable as a result of changes in, or the adoption or interpretation of, any law, regulation, ruling, judicial decision or accounting standards (collectively, "Legal Requirements"). The Board may not amend or modify the Plan in a manner that would materially impair an Eligible Director's rights in any Career Stock Unit Account, Cash Account or Current Stock Unit Account without the Eligible Director's consent; *provided, however*, that the Board may, without an Eligible Director's consent, amend or modify the Plan in any manner that it considers necessary or advisable to comply with any Legal Requirement or to ensure that amounts credited to an Eligible Director's Career Stock Unit Account, Cash Account or Current Stock Unit Account are not subject to federal, state or local income tax prior to payment.

Notwithstanding the foregoing, if any provision of this Plan would, in the **event** reasonable, good faith judgment of the Company, result in or likely result in the imposition on any Eligible Director or any other person of any tax, interest or penalty under Section 409A, the Company may reform this Plan or any provision hereof, without the consent of any Eligible Director, in the manner that **your death, your Governmental Service Termination** the Company reasonably and in good faith determines to be necessary or **your employment at a Governmental Employer following your termination** advisable to avoid the imposition of **employment with** such tax, interest or penalty; *provided, however*, that any such reformation shall, to the **Firm under**

Certain stock unit awards may provide for cancellation maximum extent the Company reasonably and **withholding provisions** in good faith determines to be possible, retain the economic and **transfer restrictions** tax benefits to **apply through the applicable Scheduled Conversion Date**. Eligible Directors hereunder while not materially increasing the cost to the Company of providing such benefits to the Eligible Directors.

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The Board may delegate to the Plan Administrator its authority under this Section 15 to amend any provision of the Plan for which approval by the Board (or a committee thereof) is not required under applicable law or the rules of any national securities exchange on which the Stock is traded.

5 Section 16. Listing, Registration and Legal Compliance

If the Plan Administrators shall at any time determine that any Consent (as hereinafter defined) is necessary or desirable as a condition of, or in connection with, the granting of any award under the Plan, the issuance or purchase of shares or other rights hereunder or the taking of any other action hereunder (each such action being hereinafter referred to as a “Plan Action”), then such Plan Action shall not be taken, in whole or in part, unless and until such Consent shall have been effected or obtained. The term “Consent” as used herein with respect to any Plan Action means (i) the listing, registrations or qualifications in respect thereof upon any securities exchange or under any foreign, federal, state or local law, rule or regulation, (ii) any and all consents, clearances and approvals in respect of a Plan Action by any governmental or other regulatory bodies, or (iii) any and all written agreements and representations by an Eligible Director with respect to the disposition of Stock or with respect to any other matter, which the Plan Administrators shall deem necessary or desirable in order to comply with the terms of any such listing, registration or qualification or to obtain an exemption from the requirement that any such listing, qualification or registration be made.

Section 17. Right Reserved

Nothing in the Plan shall confer upon any Eligible Director the right to continue as a director of the Company or affect any right that the Company or any Eligible Director may have to terminate the service of such Eligible Director.

Section 18. Rights as a Stockholder

Except as otherwise provided by the terms of any applicable Benefit Plan Trust, an Eligible Director shall not, by reason of any stock option, Director Stock, Stock Unit or Stock Amount, have any rights as a stockholder of the Company until Stock has been issued to such Eligible Director.

Section 19. Unfunded Plan

The Plan shall be unfunded and shall not create (or be construed to create) a trust or a separate fund or funds. The Plan shall not establish any fiduciary relationship between the Company and any Eligible Director or other person. To the extent any person holds any rights by virtue of a pending grant or deferral under the Plan, such rights shall be no greater than the rights of an unsecured general creditor of the Company. Notwithstanding the foregoing, the Company may (but shall not be obligated to) contribute shares of Stock corresponding to Stock Units to a Benefit Plan Trust, provided that the principal and income of any such Benefit Plan Trust shall be subject to the claims of general creditors of the Company. The Company may amend the terms of any Benefit Plan Trust as applicable to any one or more Eligible Directors in order to procure favorable tax treatment for such Eligible Director(s) or to comply with the laws applicable in any non-U.S. jurisdiction.

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Section 20. Governing Law

The Plan is deemed adopted, made and delivered in New York and shall be governed by the laws of the State of New York applicable to agreements made and to be performed entirely within such state.

Section 21. Severability

If any part of the Plan is declared by any court or governmental authority to be unlawful or invalid, such unlawfulness or invalidity shall not invalidate any portion of the Plan not declared to be unlawful or invalid. Any Section or part of a Section so declared to be unlawful or invalid shall, if possible, be construed in a manner that will give effect to the terms of such Section or part of a Section to the fullest extent possible while remaining lawful and valid.

Section 22. Notices

All notices and other communications hereunder shall be given in writing and shall be deemed given when personally delivered against receipt or five days after having been mailed by registered or certified mail, postage prepaid, return receipt requested, addressed as follows: (a) if to the Company: Morgan Stanley, 1585 Broadway, New York, New York 10036, Attention: Corporate Secretary; and (b) if to an Eligible Director, at the Eligible Director's principal residential address last furnished to the Company. Either party may, by notice, change the address to which notice to such party is to be given.

Section 23. Section Headings

The Section headings contained herein are for the purposes of convenience only and are not intended to define or limit the contents of said Sections.

Section 24. Definitions

As used in the Plan, the following terms shall have the meanings indicated below:

"Account" means Cash Account, Career Stock Unit Account or Current Stock Unit Account, as applicable.

"Adjusted Deferred Amount" has the meaning set forth in Section 9(l).

"Annual Grant Date" has the meaning set forth in Section 6(b).

"Annual Meeting" means an annual meeting of the Company's stockholders.

"Annual Retainer" means a cash retainer for services as a member of the Board.

"Annual Service Period" means the period from the immediately preceding Annual Meeting until the next succeeding Annual Meeting.

"Annual Stock Units" means the Stock Units awarded to an Eligible Director pursuant to Section 6(b).

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"Average Daily Cash Balance" means the sum of the daily balances for a Cash Account for any quarter or shorter period for which the calculation is made, divided by the number of days on which a positive balance existed in such Cash Account.

"Awards" means Initial Awards and Subsequent Awards.

"Benefit Plan Trust" means any trust established by the Company under which Eligible Directors, or Eligible Directors and participants in designated employee benefit plans of the Company, constitute the principal beneficiaries.

"Board" means the board of directors of the Company.

"Career Stock Unit Account" means a bookkeeping account to which Initial Stock Units and Annual Stock Units are credited pursuant to Section 6(a) and Section 6(b).

"Career Stock Units" has the meaning set forth in Section 6(b).

"Cash Account" means a bookkeeping account to which Meeting Fees are credited pursuant to Section 9(l) or which had a positive balance as of the Stock Unit Transition Date.

"Cause" means, with respect to any Eligible Director, termination of service on the Board on account of any act of (A) fraud or intentional misrepresentation, or (B) embezzlement, misappropriation or conversion of assets or opportunities of the Company or any affiliate.

"Committee Retainer" means a cash retainer for services as a chair of any committee of the Board.

“Company” has the meaning set forth in Section 1.

“Consent” has the meaning set forth in Section 16.

“Current Stock Unit Account” means a bookkeeping account to which Deferred Amounts are credited pursuant to Section 6(a), Section 6(b) or Section 9(c).

“Current Stock Units” means Annual Stock Units and Initial Stock Units credited to the Eligible Director’s Current Stock Unit Account pursuant to Section 6(a) or Section 6(b).

“Deferral Election” means a deferral election by an Eligible Director made with respect to any Retainers, Director Stock, Initial Stock Units and/or Annual Stock Units.

“Deferral Election Form” means an election form submitted by an Eligible Director to the Secretary with respect to any Retainers, Director Stock, or Stock Units.

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“Deferred Amount” means the amount, in dollars, of Retainers, Initial Stock Units and/or Annual Stock Units that an Eligible Director elected to defer in accordance with the terms of the Plan.

“Director Stock” means shares of Stock awarded to an Eligible Director for service on the Board. As of the Stock Unit Transition Date, no additional Director Stock will be awarded under the Plan, but Director Stock remains one of the types of award that the stockholders of the Company have authorized for the Plan, and nothing herein shall impair the authority of the Board under Section 15 to amend the Plan in the future to provide for awards of Director Stock without obtaining additional stockholder approval.

“Disability” means a “permanent and total disability” as defined in Section 22(e)(3) of the Internal Revenue Code of 1986, as amended.

“Dividend Equivalents” has the meaning set forth in Section 9(h).

“Elective Stock Units” means Stock Units that an Eligible Director elects to receive in lieu of Retainers pursuant to Section 9(b).

“Eligible Directors” has the meaning set forth in Section 2.

“Fair Market Value” has the meaning set forth in Section 12.

“Governmental Employer” has the meaning set forth in Section 8(b).

“Governmental Service Resignation” has the meaning set forth in Section 8(b).

“Initial Awards” means any awards made to an Eligible Director pursuant to Section 6(a), including any predecessor version thereof.

“Initial Stock Units” means the Stock Units awarded to an Eligible Director pursuant to Section 6(a).

“Interest Equivalent” means an additional amount to be credited to a Cash Account calculated in accordance with Section 9(i).

“Lead Director Retainer” means a cash retainer for services as the lead director of the Board.

“Meeting Fees” means fees (if any) payable to an Eligible Director for participation in meetings of the Board or any committee thereof.

“Normal Retirement” means the termination of service on the Board for retirement at or after attaining age 65, other than for Cause, Disability or death.

“Plan” has the meaning set forth in Section 1.

“*Rate of Interest*” means the time weighted average interest rate paid by the Company for a quarter, or such shorter period from the end of the preceding quarter to an Eligible Director’s Service Termination Date, to institutions from which it borrows funds.

“*Retainer*” means the Annual Retainer, the Committee Retainer and/or the Lead Director Retainer, as applicable.

“*Retainer Payment Date*” means, with respect to any Retainer, the date on which such Retainer is payable to an Eligible Director.

“*Section 409A*” means Section 409A of the Internal Revenue Code of 1986, as amended, and the rules, regulations and guidance thereunder (or any successor provisions thereto).

“*Service Termination Date*” means the date of an Eligible Director’s termination of service on the Board or such later date as constitutes the Eligible Director’s separation from service with the Company for purposes of Section 409A.

“*Stock*” means the Company’s common stock, par value \$0.01 per share, and any other shares into which such stock shall thereafter be changed by reason of any merger, reorganization, recapitalization, consolidation, split-up, combination of shares or similar event as set forth in and in accordance with Section 4.

“*Stock Amount*” means the percentage of the Retainers that an Eligible Director elects to have paid in Stock pursuant to a Stock Election.

“*Stock Election*” means an election by an Eligible Director to receive all or a portion of the Eligible Director’s Retainers in shares of Stock.

“*Stock Option Transition Date*” has the meaning set forth in Section 5(a).

“*Stock Transition Date*” has the meaning set forth in Section 11(a).

“*Stock Unit Transition Date*” means November 16, 2009.

“*Stock Units*” means Initial Stock Units, Annual Stock Units and/or Elective Stock Units, as applicable.

“*Subsequent Awards*” means any awards made to an Eligible Director pursuant to Section 6(b), including any predecessor version thereof.

MORGAN STANLEY COMPENSATION INCENTIVE PLAN

PLAN DOCUMENT

AMENDED AND RESTATED AS OF DECEMBER 16, 2024

This plan document sets forth the terms and conditions of the Morgan Stanley Compensation Incentive Plan (“**MSCIP**” or the “**Plan**”). The Plan provides for the establishment of Accounts for Participants, for administration purposes only, which Accounts shall at all times represent contingent and unsecured contractual obligations of Morgan Stanley.

As described herein, the Administrator may from time to time create, terminate, expand or limit programs under the Plan with respect to certain groups of Eligible Employees and add or expand programs under the Plan for other groups of Eligible Employees. Any program under the Plan may, if the Administrator so determines, be structured and maintained to qualify as a Top Hat Plan. Unless otherwise noted, references herein to MSCIP or the Plan include any program created under the Plan from time to time.

Capitalized terms used herein without definition have the meanings set forth in Section 20 or the applicable Award Certificate.

1. Purposes and General Provisions.

MSCIP is a long-term incentive plan. The Plan is intended to attract, retain and motivate employees and to compensate employees (and, in limited circumstances, former employees) for their contributions to the Firm. The Plan may also be used as a vehicle to increase the alignment of the interests of certain designated employees of the Firm with the interests of the Firm’s clients and shareholders in Firm funds by providing for long-term incentive awards that are notionally invested in referenced funds organized or managed by the Firm. Subject to the terms and conditions of the Plan set forth herein and of the applicable Award Certificate, Eligible Employees in certain programs under the Plan may be able to express a preference as to how they would like their Account Value to be notionally allocated among the Notional Investments available under the Plan for purposes of measuring the increase or decrease in the value of their Account.

2. Administration.

(a) Authority.

(i) Morgan Stanley is the sponsor of the Plan. The Compensation Committee is responsible for administering the Plan, including, without limitation, adopting rules and procedures for determining the Notional Investments offered, determining the terms and conditions of a Participant’s

circumstances Award or Account Value and interpreting the Plan provisions, Award Certificates and any Descriptive Materials. The Compensation Committee may, in its sole discretion, delegate some or all of its authority and responsibilities under to the Plan to a committee of the Firm or to one or more senior officers of the Firm, such as Morgan Stanley’s Chief Administrative Officer, and may provide that any committee of the Firm to which, or any senior officer of the Firm to whom, it delegates authority to administer the Plan may further delegate such authority to one or more officers of the Firm.

(ii) The Compensation Committee and any committee of the Firm to which, or any officer of the Firm to whom, authority to administer the Plan is delegated pursuant to Section 2(a)(i), and all members of any such committee are referred to herein, insofar as they are acting pursuant to authority granted or delegated pursuant to the Plan, as the “**Administrator**”. Each interpretation, determination or other action made or taken pursuant to the Plan by the Administrator from time to time shall be made or taken in its sole discretion and shall be final, binding and conclusive on all persons.

(b) **No Liability.** The Administrator shall not be liable for anything whatsoever in connection with the administration of the Plan, including, without limitation, any interpretation, determination or other action taken or not taken in administering the Plan, except the Administrator’s own willful misconduct. In the performance of its functions with respect to the Plan, the Administrator shall be entitled to rely upon information and advice furnished by the Firm’s officers, the Firm’s accountants, the Firm’s counsel and any other party the Administrator deems necessary or advisable to consult, and the Administrator shall not be liable for any interpretation, determination or other action taken or not taken in reliance upon any such advice.

3. Eligibility.

The Administrator will determine the eligibility criteria applicable for each Award granted under the Plan and Awards granted under any program under the Plan. In the case of any program that is intended to qualify as a Top Hat Plan, the Administrator may establish or adjust eligibility criteria that in its judgment are appropriate to maintain such qualification.

4. Awards.

The Administrator will determine the type and quantum of each Award. Each such determination may, in the sole discretion of the Administrator, apply with respect to an individual Participant, certain categories of Participants or Participants in certain programs under the Plan.

The Administrator may permit some or all Eligible Employees to express a preference to allocate a portion of their compensation to MSCIP in a manner prescribed by the Administrator. Any such allocation preferences shall be made by a date specified by the Administrator and shall be subject to revocation or reduction by the Administrator, provided that any such revocation or reduction shall be made by the allocation preference deadline applicable to the Eligible Employee unless making such revocation or reduction

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at a later time would not result in the imposition of interest or additional tax under Section 409A.

5. Vesting and Other Terms.

The Administrator will determine the vesting schedule, as well as any other restrictions, applicable to a Participant's Account Value (which may include, without limitation, the effects of termination of employment and cancellation of the Account Value under specified circumstances). The Administrator may also establish other terms and conditions applicable to a Participant's Account Value, including, without limitation, the consequences of a Participant's death. The vesting schedule and any such other restrictions or terms and conditions will be set forth in Section 7(b) occurs at the applicable Award Certificate.

6. Accounts.

(a) Credits and Charges to a Participant's Account. A Participant's Award shall be credited to the Participant's Account as of a date determined by the Administrator. A Participant's Account shall also be credited (or debited) with returns (or losses) on the Participant's Notional Investments following the date on which the Participant's Awards are credited. A Participant's Account Value shall be reduced to reflect any time after distributions to the Date Participant or any of the Participant's Beneficiaries.

(b) Notional Allocation Parameters.

(i) The Administrator will establish rules for how a Participant's Account Value shall be notionally allocated among the available Notional Investments. These rules may vary for certain categories of Participants or Participants in certain programs under the Plan. The Administrator may determine that, for certain categories of Participants or Participants in certain programs under the Plan, the entire Account Value will be notionally allocated to a single Notional Investment or notionally allocated in fixed percentages among two or more referenced Notional Investments. The Administrator may also determine for certain categories of Participants, or Participants in certain programs under the Plan, minimum and/or maximum percentages of their Account Value that must be notionally allocated to referenced Notional Investments. The notional allocation requirements applicable to a Participant will be communicated to the Participant by means of the applicable Award conversion and payment will Certificate or the Descriptive Materials or through such other means of communication as the Administrator may select.

(ii) To the extent that the notional allocation rules established by the Administrator permit a Participant to request changes to the notional allocation of all or a portion of the Participant's Account Value among the Notional Investments then available under the Plan, any such request shall be made in accordance with Section 5(a), 5(b) or 7, procedures and at such times as applicable.

9. Cancellation of awards under certain circumstances.

(a) Cancellation of unvested awards. Your unvested stock units will be canceled if your Employment terminates for any reason other than death, Disability, [a Full Career Retirement], an involuntary termination established by the Firm described in Section 6, a Governmental Service Termination or a Qualifying Termination.

(b) General treatment of vested awards. Except as otherwise provided in Administrator from time to time. In this Award Certificate, your vested stock units will convert to shares of Morgan Stanley common stock on the [applicable] Scheduled Conversion Date. The cancellation and withholding provisions set forth in this Award Certificate will continue to apply until the [applicable] Scheduled Conversion Date.

(c) Cancellation of awards under certain circumstances.⁷ The cancellation events set forth in this Section 10(c) are designed, among other things, to incentivize compliance with the Firm's policies (including the Code of Conduct), to protect the Firm's interests in non-public, confidential and/or proprietary information, products, trade secrets, customer relationships, and other legitimate business interests, and to ensure an orderly transition of responsibilities. This Section 10(c) shall apply notwithstanding any other terms of this Award Certificate (except where sections in this Award Certificate regard, it is noted specifically provide that the cancellation events set forth in this Section 10(c) no longer apply).

Your stock units, even if vested, are not earned until Administrator may determine, and may change from time to time, (i) the [applicable] Scheduled Conversion Date (and until you satisfy all obligations you owe to frequency of permitted notional reallocations and (ii) the Firm as set forth in Section 12 below) and, unless prohibited by applicable law, will be canceled [in full or in part, as determined by the Firm in its sole discretion,] prior to the [applicable] Scheduled Conversion Date in any minimum percentage of the circumstances set forth below in this Section 10(c). Although you will become Account Value that is required, and the beneficial owner maximum percentage of shares underlying your stock units following conversion of your stock units, the Firm may retain custody of your shares following conversion of your stock units pending any investigation Account Value that is permitted, to be notionally allocated to one or other review that impacts the determination as to whether [all or any portion] the stock units are cancellable under the circumstances set forth below more Notional Investments, and, in each case, such an instance, the shares underlying such stock units shall be forfeited in the event the Firm determines that the stock units were cancellable.

(1) Competitive Activity. If, prior changes may apply to the [applicable] Scheduled Conversion Date, you engage in Competitive Activity [in connection with or following your resignation of Employment], then [all of] your outstanding stock units will be cancelled immediately [in full or in part, existing as determined by the Firm in its sole discretion], subject well as future notional allocations to applicable law.

(2) Other Events. If any of the following events occur at any time before the [applicable] Scheduled Conversion Date, [all of] your outstanding stock units (whether or not vested) will be canceled immediately [in full or in part, as determined by the Firm in its sole discretion], subject to applicable law:

⁷The cancellation provisions presented in Section 10(c) of this form of Award Certificate and any corresponding definitions are indicative. The cancellation provisions and corresponding definitions applicable to awards may vary.

(i) Your Employment is terminated for Cause or you engage in conduct constituting Cause (either during or following Employment and whether or not your Employment has been terminated as Notional Investments. Without limiting the generality of the [applicable] Scheduled Conversion Date); preceding sentence, the Administrator may make changes in order, among other things, to reflect limitations or restrictions that would apply to actual investors in the Referenced Funds. No notional reallocation that a Participant requests shall be honored to the extent that it would conflict with the minimum and/or maximum notional allocation requirements that the Administrator may establish from time to time.

(c) **Notional Allocations Generally.** The notional allocation of a Participant's Account Value will remain at the ultimate discretion of the Firm and will be made exclusively for the purpose of determining the Participant's Account Value from time to time in accordance with the Plan. Participant Accounts will not be invested in the Referenced Funds, and Participants will not become direct investors in any of the Referenced Funds by virtue of their participation in the Plan.

(ii) (d) Following Determination of Account Value. The Administrator shall from time to time calculate each Participant's Account Value based on the termination of your Employment, Participant's Awards and the Firm determines that your Employment could have been terminated for Cause;

(iii) You disclose Confidential and Proprietary Information to any unauthorized person outside the Firm, or use or attempt to use Confidential and Proprietary Information other than in connection with the business deemed notional allocation of the Firm; or you fail Participant's Account among the Notional Investments available to comply with your obligations (either during or after your Employment) under the Firm's Code of Conduct (and any applicable supplements) or otherwise existing between you and the Firm, relating Participant. Subject to Confidential and Proprietary Information or an assignment, procurement or enforcement of rights in Confidential and Proprietary Information;

(iv) You engage in a Wrongful Solicitation;

(v) You make any Unauthorized Disclosures or Defamatory or Disparaging Comments about the Firm;

(vi) You fail or refuse, following your termination of Employment, to cooperate with or assist the Firm in a timely manner in connection with any investigation, regulatory matter, lawsuit or arbitration in which the Firm is a subject, target or party and as to which you may have pertinent information; or

(vii) You resign from your employment with the Firm without having provided the Firm prior written notice of your resignation consistent with the notice period requirements undertaken by you in connection with your employment offer letter, Sign-On or Notice & Non-Solicitation Agreement or any other contractual obligation in connection with the terms and conditions of your employment, or the Plan, the rate of return of any Notional Investment over the relevant measurement period will track the performance of the relevant Referenced Fund. Calculation of the Participant's Account Value as of any given date will be based on the information available to the Administrator as of the date of determination, which information may include estimates, and, where information about a specific Notional Investment is not available to the Administrator, may be based on information, including estimates, relating to other investment vehicles that the Administrator determines to be reasonably similar to the Notional Investment in question. Following the commencement of distribution of a Participant's Account Value to the Participant, the Administrator shall continue to calculate the Participant's Account Value from time to time in the event no such prior contractual notice period requirements exist, you resign manner described above, taking into account distributions from your employment with the Firm without having provided the Firm prior written notice Participant's Account. The Firm's valuation of your resignation of at least thirty (30) days, a Participant's Account Value shall be conclusive and binding.

(3) (e) Clawback Cancellation Events Selection of Notional Investments; Conflicts of Interest.

(i) [All of] your stock units (whether or not vested) The Administrator shall choose the Notional Investments available under the Plan. The Notional Investments available from time to time will be canceled in full indicated on the Executive Compensation Department website or through other means that the Administrator shall determine and communicate to Participants from time to time. The Firm may provide a Participant with a description of the Referenced Funds and their historical returns; provided, or in the case of clause (c) below, in full or in part, subject to applicable law and as determined by however, that the Firm in shall not be responsible for the accuracy of any such description that the Firm obtains from a Referenced Fund or a party acting on its sole discretion, if at behalf or bases on information obtained from a Referenced Fund or a party acting on its behalf. Under no circumstances will the Firm be responsible for actions, statements or performance of any time before Referenced Fund.

(ii) The Administrator may choose the [applicable] Scheduled Conversion Date you take Notional Investments available under the Plan based on a variety of factors, which may include, without limitation, the Firm's own business interests and its relations with the Referenced Funds or parties affiliated with the Referenced Funds. Participants should be aware of the existence of actual and potential conflicts of interest with the Firm and are considered to waive any action, or you fail to take any action (including claim with respect to direct supervisory responsibilities), where the existence of any conflict of interest. The Administrator may require each Participant to affirmatively make such action or omission:

(a) causes a restatement of the Firm's consolidated financial results;

(b) constitutes a violation by you of the Firm's Global Risk Management Principles, Policies acknowledgment and Standards (where prior authorization and approval of appropriate senior management was not obtained) whether such action results in a favorable waiver.

or unfavorable impact to the Firm's consolidated financial results; or

(a) causes a loss in the current year on a trade or transaction originating in the current year or in any prior year for which revenue was recognized and which was a factor in your award determination, and violated internal control policies that resulted from your:

(1) violation of business unit, product or desk specific risk parameters;

(2) use of an incorrect valuation model, method, or inputs for transactions subject to the "STAR" approval process;

(3) failure to perform appropriate due diligence prior to a trade or transaction or failure to provide critical information known at the time of the transaction that might negatively affect the valuation of the transaction; or

(4) failure to timely monitor or escalate to management a loss position pursuant to applicable policies and procedures.

In the event that the Firm determines, in its sole discretion, that your action or omission is as described in clause (c) and you do not engage in any other cancellation or clawback event described in this Section 10(c), the number of stock units comprising your [year] stock unit award will be reduced by a fraction, the numerator of which is the amount of the pre-tax loss, and the denominator of which is the total revenue originally recognized by the Firm which was a factor in your award determination.

(ii) With respect to members of the Firm Operating Committee as of [the December 31st preceding the Date of Award], the Committee may cancel all of your stock units (whether or not vested), in full or in part, if the Committee determines, in its sole discretion, that at any time before the [applicable] Scheduled Conversion Date you had significant responsibility for a material adverse outcome for the Firm or any of its businesses or functions. For purposes of this provision, a "material adverse outcome" for the Firm shall be defined as an annual pre-tax loss for Morgan Stanley as reported in the most recently filed Form 10-K, adjusted to eliminate the impact of changes to an individual, or application of a new, accounting rule that are not applied on a full retrospective basis in the year of adoption and result in a cumulative catch-up adjustment (recorded either as a gain or a loss) in the applicable fiscal year. The Committee shall have the sole authority to interpret this provision and its determinations shall be final and binding on all persons.⁴

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10. (iii) Tax The performance of each Notional Investment shall reflect all of the fees and costs of the Referenced Fund, including, without limitation, brokerage and other withholding fees, which the Referenced Fund may pay to the Firm if the Firm provides certain services to the Referenced Fund. The Firm may also act as the investment advisor or provide other services to the Referenced Fund and receive fees for providing these services. Fees paid by a Referenced Fund will reduce the performance of the Referenced Fund (and accordingly the performance of the Notional Investment) and, therefore, will reduce the Firm's payment obligations to Participants under the Plan.

(f) Right to Change Notional Investments and Notional Allocations Thereto. The Administrator may, from time to time in its sole discretion, change the Notional Investments available to Participants or notionally allocate a Participant's Account to different Notional Investments than those requested by the Participant. Among other things, this means that the Firm has the absolute right to replace a Participant's Notional Investments with different Notional Investments and/or impose additional investment conditions and restrictions on the Notional Investments (including restrictions on a Participant's ability to notionally allocate into, or notionally reallocate away from, a Notional Investment). Nothing in this plan document, any Award Certificate or any Descriptive Materials shall be construed to confer on a Participant the right to continue to have any particular Notional Investment available for purposes of measuring the value of the Participant's Account.

(g) Amounts at Risk. The value of a Participant's Account is subject to risk at all times based upon the performance of the Notional Investments to which the Participant's Account is notionally allocated and based upon currency fluctuation. If the value of a Participant's Notional Investments decreases in the future, the value of the Participant's Account may be lower than the Participant's original Awards. Although a Participant will not be an investor in the Referenced Funds underlying the Notional Investments, a Participant's Account will be subject to gains and losses attributable to the performance of the Notional Investments to which the Participant's Account Value is notionally allocated. Participants will be subject to the risks that an actual investor in such Notional Investments would incur. To the extent that an actual investor in any such Notional Investment would incur costs in connection therewith, the Firm may adjust the return on a Participant's Notional Investments to reflect these costs. Payment of the Participant's Account is also subject to the risks associated with the Participant's status as an unsecured general creditor of Morgan Stanley as described in Section 9.

(h) Administration Fees. In the discretion of the Administrator, Awards may be subject to a one-time set-up fee and Account Values may be subject to a periodic administration fee (collectively, the "**Administration Fees**") determined by the Administrator from time to time and set forth in the applicable Award Certificate or Descriptive Materials. The Administration Fees are separate from any fees and costs of the related Referenced Funds that affect the performance of the related Notional Investments and are reflected in the net returns credited to a Participant's Account. Without limiting the generality of the two preceding sentences, in connection with any hedge funds, hedge fund indices and other alternative Notional Investments that may be offered under the Plan, to the extent offerings of such Notional Investments result in unpredictable expenses or costs to the Firm, the Firm has the absolute right to impose additional fees on a Participant's Account Value.

(i) Other Plans. If a Participant becomes eligible to participate in MSCIP or a program similar to MSCIP with respect to any other award, or if a Participant has already received awards pursuant to another incentive plan, the Firm may, for

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administrative convenience, maintain a single Account to record a Participant's awards delivered under such plans or programs (and amounts credited to or debited from such awards) under MSCIP and any similar programs. The portion of a Participant's Account corresponding to each Award shall be governed by the terms and conditions applicable to each such Award.

7. Manner of Payment.

(a) Form of Payment. Unless the Administrator determines otherwise in its sole discretion, all payments under the Plan to a Participant (or a Participant's Beneficiary) shall be made in the Participant's (or Beneficiary's) local currency.

(b) Payment Date. Payments of a Participant's Account will be made at such time or times as the Administrator shall determine at the time the Award is granted. The Administrator may provide for a different payment schedule for certain Participants or certain categories of Participants (such as Participants in a designated program or designated programs) based on such considerations as the Administrator considers appropriate (which may include the liquidity of the Referenced Funds to which the Account Values of such Participants are indexed).

(c) Required Notional Reallocations. The Administrator shall determine the value of all distributions under the Plan. Prior to any distribution, the Administrator may require a Participant to notionally reallocate a portion of the Account Value out of the Participant's current Notional Investments during the next notional reallocation period into other designated Notional Investment(s) in order to ensure that the Participant's distribution payment(s) can be made in full and on time. The Administrator may notionally reallocate a Participant's Account Value to ensure that the Participant satisfies this Section 7(c).

(d) **No Withdrawals or Loans.** Except for distributions made in accordance with the terms of the Plan, a Participant shall have no rights to make withdrawals from, or to borrow against, the Participant's Account for any reason.

8. Termination and Amendment.

(a) The Administrator may, at any time, terminate the Plan or any program under the Plan in whole or in part as to some or all Participants. No further Awards shall be granted to affected Participants after the effective date of any termination. Termination of the Plan shall not result in early distributions to Participants, and distributions shall instead be made to Participants on the same schedule as if the Plan had not been terminated; *provided, however*, that to the extent that early distribution of all or a portion of a Participant's Account Value would not result in the imposition of interest or additional tax under Section 409A, the Administrator may require or permit such early distributions to the extent and in the manner permitted under Section 409A.

(b) The Administrator may also alter, amend or modify the Plan, any program under the Plan or any Award Certificate at any time in its sole discretion. These amendments may include (but are not limited to) changes that the Administrator considers necessary or advisable (i) as a result of changes in any, or the adoption or interpretation of any new, Legal Requirement or (ii) to ensure that Morgan Stanley is not subject to registration or regulation as a "commodity pool" operator under the Commodity Exchange Act, as amended, and the rules of the Commodity Futures Trading Commission promulgated thereunder, with respect to its operation of MSCIP or any program under MSCIP, and that neither MSCIP nor any program under MSCIP is treated

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as an "employee benefit plan" under ERISA. Notwithstanding anything to the contrary in any Descriptive Materials, the Administrator may not amend or modify the Plan, any program under the Plan or any Award Certificate in a manner that would materially impair a Participant's rights, if any, in the Participant's Account without the Participant's consent; *provided, however*, that the Administrator may, without a Participant's consent, amend or modify the Plan, any program under the Plan or any Award Certificate in any manner that the Administrator considers necessary or advisable to comply with any Legal Requirement or to ensure that neither the entirety nor any part of a Participant's Account Value is subject to United States federal, state or local income tax or any equivalent taxes in territories outside the United States prior to payment or to any interest or penalty tax. To the extent necessary or advisable to comply with the Legal Requirements of any non-U.S. jurisdiction in which the Firm implements the Plan, the Firm may supplement the Plan and/or any Award Certificate with an International Supplement.

(c) The Administrator shall notify Participants of any termination of the Plan or any amendment of the Plan that is material, and shall notify affected Participants of any amendment that affects such Participants' rights, if any. Any amendment or waiver of a provision of the Plan or any Award Certificate (other than any amendment or waiver applicable to all Participants generally), which amendment or waiver operates in a Participant's favor or confers a benefit on a Participant, must be in writing and signed by the Global Director of Human Resources or the Chief Administrative Officer of Morgan Stanley (or if such positions no longer exist, by the holder of an equivalent position) to be effective.

9. MSCIP Unfunded.

MSCIP is an unfunded incentive plan. A Participant's Account represents at all times an unfunded, contingent and unsecured contractual obligation of Morgan Stanley. Each Participant and Beneficiary is an unsecured general creditor of Morgan Stanley with respect to all obligations owed under the Plan. Amounts payable under the Plan shall be satisfied solely out of the general assets of Morgan Stanley, subject to the claims of its creditors. A Participant and a Participant's Beneficiaries will not have any interest in any fund or in any specific asset of Morgan Stanley of any kind by reason of any amount credited to the Participant under the Plan, nor shall a Participant or any Beneficiary or any other person have any right to receive any distribution under the Plan except as, and to the extent, expressly provided in this plan document or the Award Certificate. Morgan Stanley will not segregate any funds or assets to provide for the distribution of a Participant's Account Value or issue any notes or securities for the payment thereof.

10. No Investment Obligation.

The Firm has no obligation to invest amounts corresponding to a Participant's Awards or Account Value and/or any appreciation thereon (including, without limitation, in the Referenced Funds tracked by the Notional Investments to which a Participant's Account is

indexed). If the Firm invests amounts corresponding to Awards or Account Values in any Referenced Fund, such investment shall not confer on a Participant any right or interest in any such Referenced Fund. Participants will have no ownership or other interest in any financial or other instrument or arrangement that Morgan Stanley may acquire or enter into to hedge its obligations under the Plan.

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11. Taxes and Withholding; Other Obligations.

(a) **Taxes and Withholding.** Any vesting, whether on a Scheduled Vesting Date payment, distribution or some other date, of a stock unit award and any conversion of a stock unit award or crediting of dividend equivalents, made under the Plan shall be subject to the Firm's withholding of all required United States federal, state and local and foreign income and employment/payroll taxes, (including including without limitation Federal Insurance Contributions Act taxes). You ("FICA") taxes (Social Security and Medicare), and all such payments, distributions, or awards shall be net of such tax withholding. In addition to withholding such taxes from any payment, distribution, or award to which such taxes relate, subject to the immediately following sentence, Participants authorize the Firm to withhold such taxes from any payroll or other payment or compensation to you, including by canceling or accelerating payment of a portion of this award in an amount not to exceed such taxes imposed upon such vesting, conversion or crediting and any additional taxes imposed as a result of such cancellation or acceleration, the Participant and to take such other action as the Firm may deem advisable to enable if the Firm and you Participants to satisfy obligations for the payment of withholding taxes and other tax obligations, assessments, or other governmental charges, whether of the United States or any other jurisdiction, relating to the vesting, payment, distribution, or conversion of your stock units or the crediting of dividend equivalents. award. However, the Firm may not deduct or withhold such sum from any payroll or any other payment or compensation, (including from your award), except to the extent it is not prohibited by Section 409A and would not cause you the Participant to recognize income for United States federal income tax purposes before your stock units convert prior to shares the time of Morgan Stanley common stock payment of any amount hereunder or to incur interest or additional tax under Section 409A.

Pursuant to rules and procedures that Morgan Stanley establishes, you may elect to satisfy In the tax or other withholding obligations arising upon conversion discretion of your stock units by having Morgan Stanley withhold shares of Morgan Stanley common stock in an amount sufficient to satisfy the tax or other withholding obligations. Shares withheld will be valued using the fair market value of Morgan Stanley common stock on the date your stock units convert (or such other appropriate date determined by Morgan Stanley based on local legal, tax or accounting rules and practices) using a valuation methodology established by Morgan Stanley. In order to comply with applicable accounting standards or the Firm's policies in effect from time to time, Morgan Stanley may limit the amount of shares that you may have withheld.

11. Obligations you owe to the Firm.

As a condition to the earning, conversion or distribution of your award, the Firm may require you to pay such sum to the Firm as may be necessary to satisfy any obligation that you owe to the Firm. Notwithstanding any other provision of this Award Certificate, your award, even if vested or converted, is not earned until after such obligations and any tax withholdings or other deductions required by law are satisfied. Notwithstanding the foregoing, Morgan Stanley may not reduce the number of shares to be delivered upon conversion of your stock units or delay accelerate the payment of your award any amount under the Plan to satisfy obligations the extent necessary to pay (i) any FICA taxes imposed on such amount prior to the scheduled payment thereof and (ii) any income tax withholding imposed as a result of accelerated payment pursuant to the preceding clause (i).

(b) **Other Obligations.** The Firm shall have no authority to withhold any amount from a payment or distribution pursuant the Plan for the purpose of satisfying all or any part of an obligation that you owe a Participant owes to the Firm, except (i) to the extent authorized under Section 11, 11(a) relating to tax and other withholding obligations or (ii) otherwise, to the extent such reduction or delay withholding is not prohibited by Section 409A and would not cause you the Participant to recognize income for United States federal income tax purposes before your stock units convert prior to shares the time of Morgan Stanley common stock payment of any amount hereunder or to incur interest or additional tax or interest under Section 409A.

Morgan Stanley's determination of any amount that you owe the Firm shall be conclusive. The fair market value of Morgan Stanley common stock for purposes of the foregoing provisions shall be determined using a valuation methodology established by Morgan Stanley.

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12. Nontransferability. Nontransferability.

You A Participant may not assign, sell, garnish, transfer, pledge hypothecate, assign or otherwise transfer your award, encumber the Participant's interests in the Plan, other than as provided in Section 14.13 (which allows you a Participant to designate a beneficiary Beneficiary or beneficiaries Beneficiaries in the event of your the Participant's death) or by will or the laws of descent and distribution. This prohibition includes any assignment or other transfer that purports to occur by operation of law or otherwise. During your a Participant's lifetime, payments relating to your award will shall be made only to you.

Your personal representatives, heirs, legatees, beneficiaries, the Participant. The terms and conditions of the Plan are binding on, and shall benefit, Morgan Stanley and its successors and assigns, and those of Morgan Stanley, shall all be bound by, the Participants, their Beneficiaries, heirs, legatees and shall benefit from, the terms and conditions of your award. personal representatives.

13. Designation of a beneficiary. Beneficiary.

You A Participant may make designate a written designation of beneficiary Beneficiary or beneficiaries Beneficiaries to receive all or part of your award the Participant's MSCIP payments to be delivered or paid under this Award Certificate the Plan in the event of your the Participant's death. To make designate a beneficiary designation, you Beneficiary, a Participant must complete and submit the Beneficiary Designation form on the Executive Compensation website.

Any shares that become deliverable upon your death, and as to which a designation of beneficiary is not in effect, will be distributed to your estate.

If you previously filed a designation of beneficiary form for your equity awards with the Executive Compensation Department such form will also apply to all of your equity awards, including this award. You may replace or revoke your beneficiary designation at any time. If there is any question as to the legal right of any beneficiary to receive shares or payments under this award, Morgan Stanley may determine in its sole discretion to deliver the shares or make the payments in question to your estate. Morgan Stanley's determination shall be binding and conclusive on all persons and it will have no further liability to anyone with respect to this award.

14. Ownership and possession.

(a) Before conversion. Generally, you will not have any rights as a stockholder in the shares of Morgan Stanley common stock corresponding to your stock units unless and until your stock units convert to shares.

If Morgan Stanley contributes shares of Morgan Stanley common stock corresponding to your stock units to a grantor trust it has established, you may be permitted to direct the trustee how to vote the shares in the trust corresponding to your stock units. Voting rights, if any, are governed by the terms of the grantor trust and Morgan Stanley may amend any such voting rights, in its sole discretion, at any time. Morgan Stanley is under no obligation to contribute shares corresponding to stock units to a trust. If Morgan Stanley elects not to contribute shares corresponding to your stock units to a trust, you will not have voting rights with respect to shares corresponding to your stock units until your stock units convert to shares.

(b) Following conversion. Subject to Section 10(c), following conversion of your stock units you will be the beneficial owner of the shares of Morgan Stanley common stock issued to you, and you will be entitled to all rights of ownership, including voting rights and the right to receive cash or stock dividends or other distributions paid on the shares. pursuant

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to procedures the Administrator may establish from time to time. A Participant may revoke or change the Participant's designation at any time.

(c) 14. Custody of shares. Claims Procedure. Morgan Stanley

The Administrator may maintain possession of or establish procedures from time to time pursuant to which the shares subject Administrator will process claims by Participants with respect to your award until such time as your shares are no longer subject to restrictions on transfer. the Plan.

15. Securities law compliance matters. No Right to Continued Employment or Participation.

Morgan Stanley may affix a legend to Neither the Plan nor any stock certificates representing shares of Morgan Stanley common stock issued upon conversion of your stock units (and any stock certificates that may subsequently be issued in substitution for the original certificates). The legend will read substantially as follows:

THE SHARES REPRESENTED BY THIS STOCK CERTIFICATE WERE ISSUED PURSUANT TO THE MORGAN STANLEY EQUITY INCENTIVE COMPENSATION PLAN AND ARE SUBJECT TO THE TERMS AND CONDITIONS THEREOF AND OF AN AWARD CERTIFICATE FOR STOCK UNITS AND ANY SUPPLEMENT THERETO.

THE SECURITIES REPRESENTED BY THIS STOCK CERTIFICATE MAY BE SUBJECT TO RESTRICTIONS ON TRANSFER BY VIRTUE OF THE SECURITIES ACT OF 1933.

COPIES OF THE PLAN, THE AWARD CERTIFICATE FOR STOCK UNITS AND ANY SUPPLEMENT THERETO ARE AVAILABLE THROUGH THE EXECUTIVE COMPENSATION DEPARTMENT.

Morgan Stanley may advise the transfer agent to place a stop order against such shares if it determines that such an order is necessary or advisable.

16. Compliance with laws and regulation.

Any sale, assignment, transfer, pledge, mortgage, encumbrance interpretation, determination or other disposition of shares issued upon conversion of your stock units (whether directly action taken or indirectly, whether or not for value, and whether or not voluntary) must omitted to be made in compliance with any applicable constitution, rule, regulation or policy of any of the exchanges or associations or other institutions with which the Firm or a Related Employer has membership or other privileges, and any applicable law or applicable rule or regulation of any governmental agency, self-regulatory organization or state or federal regulatory body.

17. No entitlements.

(a) No right taken pursuant to continued Employment. This award is not an employment agreement, and nothing in this Award Certificate, the International Supplement, if applicable, or the Plan shall alter your status as an "at-will" employee of the Firm or your employment status at a Related Employer. None of this Award Certificate, the International Supplement, if applicable, or the Plan shall be construed as guaranteeing your a Participant's employment by with the Firm, a discretionary bonus or a Related Employer, any particular level of bonus, compensation or benefits or as giving you a Participant any right to continue in the employ of the Firm or a Related Employer, continued employment, during any period, (including without limitation the period between the Date of the Award and a Scheduled Vesting Date or Scheduled Conversion Date, or any portion of any of these periods), nor shall they be construed as giving you a Participant any right to be reemployed by the Firm or a Related Employer following any termination of Employment.

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(b) No employment. In addition, neither the Plan nor any interpretation, determination or other action taken or omitted to be taken pursuant to the Plan shall be deemed to create or confer on a Participant any right to future awards. This award, and all other awards of stock units and other equity-based awards, are discretionary. This award does not confer on you participate in MSCIP, or in any right or entitlement to receive another award of stock units or any other equity-based award at any time in similar program that may be established by the future or Firm, in respect of any future Fiscal Year or other period.

16. Conflicts.

(c) No effect on future employment compensation. Morgan Stanley has made this award to you in its sole discretion. This award does not confer on you In the event of any right conflict or entitlement to receive compensation in inconsistency between the MSCIP plan document and any specific amount for any future year, and does not diminish in any way the Firm's discretion to determine the amount, if Award Certificate or any of your compensation. This award is not part of your base salary or wages and will not be taken into account in determining any other employment-related rights you may have, such as rights to pension or severance pay.

18. Consents under local law.

Your award is conditioned upon the making of all filings Descriptive Materials, the plan document shall govern and the receipt of all consents Award Certificate and any Descriptive Materials shall be interpreted to minimize or authorizations required to comply with, eliminate any such conflict or required to be obtained under, applicable local law.

19. Award modification.

Morgan Stanley reserves the right to modify or amend unilaterally the terms and conditions of your award, without first asking your consent, or to waive any terms and conditions that operate in favor of Morgan Stanley. These amendments may include (but are not limited to) changes that Morgan Stanley considers necessary or advisable as a result of changes in any, or the adoption of any new, Legal Requirement. Morgan Stanley may not modify your award in a manner that would materially impair your rights in your award without your consent; inconsistency; provided, however, that Morgan Stanley may, but is not required to without your consent, amend the extent the Administrator amends or modify your award modifies any term or definition set forth herein in accordance with Section 20, such modified term or definition will be communicated to the Participant in the applicable Award Certificate and shall govern; and, provided, further, that to the extent the Administrator amends or modifies any manner that Morgan Stanley considers necessary term or advisable definition set forth herein in accordance with Section 8(b) to (i) comply with the Legal Requirements of any Legal Requirement, (ii) ensure that your award does not result non-U.S. jurisdiction in an excise or other supplemental tax on which the Firm under any Legal Requirement, implements the Plan, such modified term or (iii) ensure that your award is not subject definition will be communicated to United States federal, state or local income tax or any equivalent taxes the Participant in territories outside the United States prior to conversion of your stock units to shares or delivery of such shares following conversion. Morgan Stanley will notify you of any amendment of your award that affects your rights. Any amendment or waiver of a provision of this Award Certificate (other than any amendment or waiver applicable to all recipients generally), which amendment or waiver operates in your favor or confers a benefit on you, must be in writing International Supplement and signed by the Chief Human Resources Officer or the Chief Operating Officer (or if such positions no longer exist, by the holder of an equivalent position) to be effective. shall govern.

20.17. Governing law Law and exclusive jurisdiction. Exclusive Jurisdiction.

This Award Certificate The Plan and all rights hereunder shall be governed by, and construed and enforced in accordance with, the laws of the State of New York, without regard to any conflicts or choice of law, rule or principle that might otherwise refer the interpretation of the award Award or Account Value to the substantive or procedural law of another jurisdiction. Unless you are the Participant is bound by an arbitration agreement with Morgan Stanley (or its parents, subsidiaries, affiliates, predecessors, successors or assigns) covering any dispute arising out of or in any way connected with the Plan, or this Award Certificate, your a Participant's participation in the Plan or rights under the Plan, or this Award Certificate, the United States District Court for the Southern District of New York shall have exclusive jurisdiction over any such dispute or, if the United States

District Court for the Southern District of New York does not have subject matter jurisdiction, the Supreme Court for the State of New York, New York County shall have exclusive jurisdiction.

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21.18. Severability. Severability.

The provisions set forth herein shall be severable and, if any provision of this Award Certificate Plan shall be determined to be legally unenforceable or void, such unenforceable or void provision shall not affect the legality, validity or enforceability of the remaining provisions hereof and may be severed from the remaining provisions as appropriate, to the extent permitted by law. If a tribunal of competent jurisdiction determines that a particular provision set forth herein is invalid, unenforceable, or void under the applicable law in a particular jurisdiction, such provision will not be enforced in that jurisdiction, but shall remain effective and enforceable in all other jurisdictions.

22.19. Construction.

The headings in this plan document have been inserted for convenience of reference only and are to be ignored in any construction of MSCIP. Use of one gender includes the other, and the singular and plural include each other.

20. Defined terms. Terms.

For purposes of this Unless determined otherwise by the Administrator and set forth in the applicable Award Certificate, the following terms shall have the meanings set forth below: indicated meanings:

(a) **"Access Person Account"** means an individual designated by the Firm's Compliance Department as an "access employee" bookkeeping account maintained on the books and records of Morgan Stanley in a Participant's name to record Awards and credits or "access person", which debits thereto in accordance with the Plan. An Account is established only for example, currently includes all Managing Directors purposes of tracking Notional Investments and not to segregate assets or to identify assets that may be used to make payments under the Firm. Plan.

(b) **"Board Account Value"** means the Board of Directors amount reflected on the books and records of Morgan Stanley, Stanley as the value of a Participant's Account at any date of determination, as determined in accordance with the Plan.

(c) **"Cause Award"** means:

(1) any act or omission which constitutes means the initial value of an incentive award granted to a breach of your obligations to Participant under the Firm, including, without limitation, (A) your failure to comply with any notice or non-solicitation restrictions that may be applicable to you or (B) your failure to comply with the Firm's policies, or compliance, ethics or risk management standards, or your failure or refusal to perform satisfactorily any duties reasonably required of you;

(2) your commission of any dishonest or fraudulent act, or any other act or omission, which has caused or may reasonably be expected to cause injury to the interest or business reputation of the Firm; or

(3) your violation of any securities, commodities or banking laws, any rules or regulations issued pursuant to such laws, or rules or regulations of any securities or commodities exchange or association of which the Firm is a member or of any policy of the Firm relating to compliance with any of the foregoing;

provided, that an act or omission shall constitute "Cause" for purposes of this definition if the Firm determines, in its sole discretion, that such action or omission is described in Section 10(c)(3)(i)(a)(ii) and is deliberate, intentional or willful. Plan.

(d) A **"Change in Control Award Certificate"** shall be deemed to have occurred if any means a written or electronic document which, for each specified Award and related Account Value, sets forth those terms and conditions of the following conditions shall have been satisfied:

(1) any one person or more than one person acting as a group (as determined under Section 409A), other than (A) any employee plan established by Morgan Stanley or any of its Subsidiaries, (B) Morgan Stanley or any of its affiliates (as defined in Rule 12b-2 promulgated under the Exchange Act), (C) an underwriter temporarily holding securities Plan that, pursuant to the terms of this plan

document, are to be communicated in an offering of such securities, Award Certificate, including terms and definitions that are not otherwise set forth herein or (D) a corporation owned, directly that the Administrator has determined to modify from those set forth herein. With respect to Participants employed or indirectly, by stockholders of Morgan Stanley formerly employed outside the United States, references in substantially this Plan to an Award Certificate shall include the same proportions as their ownership of Morgan Stanley, is or becomes, International Supplement.

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during any 12-month period, (e) **"Beneficiary"** means the beneficial owner, directly or indirectly, of securities of Morgan Stanley (not including in the securities beneficially owned by such person(s) any securities acquired directly from Morgan Stanley or its affiliates other than in connection with the acquisition by Morgan Stanley or its affiliates of a business) representing 50% or more of the total voting power of the stock of Morgan Stanley; *provided, however*, that the provisions of this subsection (1) are not intended to apply to or include as a Change in Control any transaction that is specifically excepted from the definition of Change in Control under subsection (3) below;

(2) a change in the composition of the Board such that, during any 12-month period, the individuals who, as of the beginning of such period, constitute the Board (the **"Existing Board"**) cease for any reason to constitute at least 50% of the Board; *provided, however*, that any individual becoming a member of the Board subsequent to the beginning of such period whose election, or nomination for election by Morgan Stanley's stockholders, was approved **person designated** by a vote of at least a majority of the directors immediately prior to the date of such appointment or election shall be considered as though such individual were a member of the Existing Board;

(3) the consummation of a merger or consolidation of Morgan Stanley with any other corporation or other entity, or the issuance of voting securities in connection with a merger or consolidation of Morgan Stanley (or any direct or indirect subsidiary of Morgan Stanley) pursuant to applicable stock exchange requirements; *provided* that immediately following such merger or consolidation the voting securities of Morgan Stanley outstanding immediately prior thereto do not continue to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity of such merger or consolidation or parent entity thereof) 50% or more of the total voting power of Morgan Stanley stock (or if Morgan Stanley is not the surviving entity of such merger or consolidation, 50% or more of the total voting power of the stock of such surviving entity or parent entity thereof); and *provided further* that a merger or consolidation effected to implement a recapitalization of Morgan Stanley (or similar transaction) in which no person (as determined under Section 409A) is or becomes the beneficial owner, directly or indirectly, of securities of Morgan Stanley (not including in the securities beneficially owned by such person any securities acquired directly from Morgan Stanley or its affiliates other than in connection with the acquisition by Morgan Stanley or its affiliates of a business) representing 50% or more of either the then outstanding shares of Morgan Stanley common stock or the combined voting power of Morgan Stanley's then outstanding voting securities shall not be considered a Change in Control; or

(4) the complete liquidation of Morgan Stanley or the sale or disposition by Morgan Stanley of all or substantially all of Morgan Stanley's assets in which any one person or more than one person acting as a group (as determined under Section 409A) acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) assets from Morgan Stanley that have a total gross fair market value equal to more than 50% of the total gross fair market value of all of the assets of Morgan Stanley immediately prior to such acquisition or acquisitions.

Notwithstanding the foregoing, (x) no Change in Control shall be deemed to have occurred if there is consummated any transaction or series of integrated transactions immediately following which the record holders of Morgan Stanley common stock immediately prior to such transaction or series of transactions continue to have substantially the same proportionate ownership in an entity which owns substantially all of the assets of Morgan Stanley immediately

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prior to such transaction or series of transactions and (y) no event or circumstances described in any of clauses (1) through (4) above shall constitute a Change in Control unless such event or circumstances also constitute a change in the ownership or effective control of Morgan Stanley, or in the ownership of a substantial portion of Morgan Stanley's assets, as defined in Section 409A. In addition, no Change in Control shall be deemed to have occurred upon the acquisition of additional control of Morgan Stanley by any one person or more than one person acting as a group that is considered to effectively control Morgan Stanley.

For purposes of the provisions of this Award Certificate, terms used in the definition of a Change in Control shall be as defined or interpreted Participant pursuant to Section 409A.13 to receive any payments under the Plan in the event of the Participant's death.

(e) (f) **"Compensation Committee"** means the Compensation, Management Development and Succession Committee of the Board any successor committee thereto or any other committee of the Board appointed by the Board with the powers Directors of the Committee under the Plan, or any subcommittee appointed by such Committee.

(f) **"Competitive Activity"** means:

(1) becoming, or entering into any arrangement as, an employee, officer, partner, member, proprietor, director, independent contractor, consultant, advisor, representative or agent of, or serving in any similar position or capacity with, a Competitor, where you will be responsible for providing, or managing or supervising others who are providing, any services (x) that are similar or substantially related to any services that you provided to the Firm, or (y) that you had direct or indirect managerial or supervisory responsibility for at the Firm, or (z) that call for the application of any of the same or similar specialized knowledge or skills as those utilized by you in your services for the Firm, in each such case, at any time during the year preceding the termination of your employment with the Firm; or

(2) either alone or in concert with others, forming, or acquiring a 5% or greater equity ownership, voting interest or profit participation in, a Competitor, Morgan Stanley.

(g) **"Competitor Descriptive Materials"** means any corporation, partnership term sheets, brochures or other entity materials relating to MSCIP, whether in written or electronic form, that engages, are distributed to or that owns a significant interest in any corporation, partnership or other entity that engages, in any business activity the Firm engages in, or that you reasonably knew or should have known that the Firm was planning made available to engage in, at the time of the termination of your Employment. Eligible Employees.

(h) **"Confidential and Proprietary Information Eligible Employees"** means any information that is classified as confidential in the Firm's Global Policy on Confidential Information or that may have intrinsic value to employees of the Firm whom the Firm's clients or other parties with which Administrator determines pursuant to Section 3 to be eligible for an Award under the Plan. "Eligible Employees" also means any former employee of the Firm has a relationship, or that may provide whom the Firm with a competitive advantage, including, without limitation, any trade secrets; inventions (whether or not patentable); formulas; flow charts; computer programs; access codes or other systems information; algorithms; technology and business processes; business, product or marketing plans; sales and other forecasts; financial information; client lists or other intellectual property; information relating to compensation and benefits; and public information that becomes proprietary as a result of the Firm's compilation of that information for use Administrator determines, in its business, provided that such Confidential sole discretion, it is necessary or advisable to grant an Award to under the Plan in order to comply with law, regulation or regulatory guidance, and Proprietary Information does not include any information which is available whom the Administrator determines pursuant to Section 3 to be eligible for use by an Award under the general public or is generally available for use within the relevant business or industry other than as a result of your action. Confidential and Proprietary Information may be in any medium or form, including,

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without limitation, physical documents, computer files or discs, electronic communications, videotapes, audiotapes, and oral communications. Plan.

(i) **"Date of the Award ERISA"** means [insert grant date, which typically will coincide approximately with the end Employee Retirement Income Security Act of 1974, as amended, and the year in respect of which the award is made]. regulations thereunder.

(j) You will be deemed to have made **"Defamatory or Disparaging Comments Executive Compensation Department"** about the Firm if, at any time, you make, publish, or issue, or cause to be made, published or issued, in any medium whatsoever to any person or entity external to the Firm, any derogatory, defamatory or disparaging statement regarding the Firm, its businesses or strategic plans, products, practices, policies, personnel means Morgan Stanley's Executive Compensation Department or any other Firm matter. Nothing contained herein is intended department of Morgan Stanley that succeeds to prevent you from testifying truthfully or making truthful statements or submissions in litigation or other legal, administrative or regulatory proceedings or internal investigations. the functions of the Executive Compensation Department.

(k) **"Disability"** means any condition that would qualify for a benefit under any group long-term disability plan maintained by the Firm and applicable to you.

(l) **"Employed"** and **"Employment"** refer to employment with the Firm and/or Related Employment.

(m) The **"Firm"** means Morgan Stanley (including any successor thereto), together with its subsidiaries and other affiliates. For purposes of the definitions of "Cause," "Confidential and Proprietary Information," "Defamatory or Disparaging Comments," "Unauthorized Disclosures" and "Wrongful Solicitation" set forth in this Award Certificate and Section 10(c)(2)(vi) of this Award Certificate, references to the "Firm" shall refer severally to the Firm as defined in the preceding sentence and your Related Employer, if any. For purposes of the cancellation provisions set forth in this Award Certificate relating to disclosure or use of Confidential and Proprietary Information, references to the "Firm" shall refer to the Firm as defined in the second preceding sentence or your Related Employer, as applicable.

(n) **"Full Career Retirement"** means the termination of your Employment by you or by the Firm for any reason other than under circumstances involving any cancellation event described in Section 10(c), and other than due to your death or Disability, a Governmental Service Termination or pursuant to a Qualifying Termination, if you meet any of the following criteria as of your termination date and you have provided the Firm 12 months' advance notice of such termination in a form satisfactory to the Firm:

(1) you have attained age 50 and completed at least 12 years of service as a []⁸ of the Firm or equivalent officer title; or

(2) you have attained age 50 and completed at least 15 years of service as an officer of the Firm at the level of []⁹ or above; or

(3) you have completed at least 20 years of service with the Firm; or

(4) you have attained age 55 and have completed at least 5 years of service with the Firm and the sum of your age and years of service equals or exceeds 65.¹⁰

⁸ Specified officer title(s) in one or more specified business units.

⁹ Specified officer title(s) in one or more specified business units.

¹⁰ Age and service conditions specified in clauses (1) through (4) are indicative and may vary from year to year and for awards granted to certain employees.

For the purposes of the foregoing definition, service with the Firm will include any period of service with the following entities and any of their predecessors:

(A) AB Asesores ("**ABS**") prior to its acquisition by the Firm (provided that only years of service as a partner of ABS shall count towards years of service as an officer);

(B) Morgan Stanley Group Inc. and its subsidiaries (“MS Group”) prior to the merger with and into Dean Witter, Discover & Co.;

(C) Miller Anderson & Sherrerd, L.L.P. prior to its acquisition by MS Group;

(D) Van Kampen Investments Inc. and its subsidiaries prior to its acquisition by MS Group;

(E) FrontPoint Partners LLC and its subsidiaries prior to its acquisition by the Firm; and

(F) Dean Witter, Discover & Co. and its subsidiaries (“DWD”) prior to the merger of Morgan Stanley Group Inc. with and into Dean Witter, Discover & Co.;

provided that, in the case of an employee who has transferred employment from DWD to MS Group or vice versa, a former employee of DWD will receive credit for employment with DWD only if he or she transferred directly from DWD to Morgan Stanley & Co. Incorporated or its affiliates subsequent to February 5, 1997, and a former employee of MS Group will receive credit for employment with MS Group only if he or she transferred directly from MS Group to Morgan Stanley DW Inc. or its affiliates subsequent to February 5, 1997.]

(o) (l) “Governmental Employer Fiscal Year” means a governmental department or agency, self-regulatory agency or other public service employer, fiscal year of Morgan Stanley.

(p) (m) “Governmental Service Termination International Supplement” means a written or electronic document that amends, deletes or supplements the termination terms and conditions of your Employment due the Plan or an Award Certificate with respect to your commencement of employment at a Governmental Employer; provided that you have presented Participants located outside the Firm with satisfactory evidence demonstrating that as a result of such new employment, the divestiture of your continued interest in Morgan Stanley equity awards or continued ownership of Morgan Stanley common stock is reasonably necessary United States. With respect to avoid the violation of U.S. federal, state or local or foreign ethics law or conflicts of interest law applicable to you at such Governmental Employer.

(q) “Internal Revenue Code” means Participants located outside the United States, Internal Revenue Code of 1986, as amended, and references in this Plan to an Award Certificate shall include the rules, regulations and guidance thereunder. International Supplement.

(r) (n) “Legal Requirement” means any law, regulation, ruling, judicial decision, accounting standard, regulatory guidance or other legal requirement.

(s) (o) “Management Committee Notional Investments” means the Morgan Stanley Management Committee and Referenced Funds or other investment vehicles used to measure the return (positive or negative) to be attributed to Awards. For the avoidance of doubt, a Participant’s interest in any successor or equivalent committee. Notional Investment shall be notional.

(t) (p) “Plan Participant” means an Eligible Employee who receives an Award under the Plan.

(q) “Referenced Fund” means the Equity Incentive Compensation Plan, as amended. fund(s) or other investment vehicle(s) to which a Notional Investment relates.

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(u) “Qualifying Termination” means your Separation from Service within eighteen (18) months following a Change in Control under either of the following circumstances: (a) the Firm terminates your employment under circumstances not involving any cancellation event; or (b) you resign from the Firm due to (i) a materially adverse alteration in your position or in the nature or status of your responsibilities from those in effect immediately prior to the Change in Control, as determined by the Committee or its delegates, or (ii) the Firm requiring your principal place of employment to be located more than 75 miles from the location where you were principally employed at the time of the Change in Control (except for required travel on the Firm’s business to an extent substantially consistent with your business travel obligations in the ordinary course of business prior to the Change in Control).

(v) **“Related Employment”** means your employment with an employer other than the Firm (such employer, herein referred to as a “Related Employer”), *provided* that: (i) you undertake such employment at the written request or with the written consent of Morgan Stanley’s Chief Human Resources Officer (or if such position no longer exists, the holder of an equivalent position); (ii) immediately prior to undertaking such employment you were an employee of the Firm or were engaged in Related Employment (as defined herein); and (iii) such employment is recognized by the Firm in its discretion as Related Employment; and, *provided further*, that the Firm may (1) determine at any time in its sole discretion that employment that was recognized by the Firm as Related Employment no longer qualifies as Related Employment, and (2) condition the designation and benefits of Related Employment on such terms and conditions as the Firm may determine in its sole discretion; and *provided further*, the Firm will not provide for Related Employment except to the extent such treatment is not prohibited by Section 409A and would not cause you to recognize income for United States federal income tax purposes before your stock units convert to shares or to incur additional tax or interest under Section 409A. The designation of employment as Related Employment does not give rise to an employment relationship between you and the Firm, or otherwise modify your and the Firm’s respective rights and obligations.

(w) **“Scheduled Conversion Date”** means, *provided*, however, that if you remain employed by the Firm on such date and the applicable date does not occur during an Access Person trading window period, then pursuant to Section 2(d), the [applicable] Scheduled Conversion Date will be delayed until the first day of the next Access Person trading window period following the [applicable Scheduled Conversion Date] (but in no event beyond December 31st of the year in which the [applicable] Scheduled Conversion Date occurs).

(x) **“Scheduled Vesting Date”** means ^{.12}

(y) (r) **“Section 409A”** means Section 409A of the Internal Revenue Code and any regulations thereunder.

(z) **“Separation from Service”** means a separation from service with the Firm for purposes of Section 409A determined using the default provisions set forth in Treasury Regulation §1.409A-1(h) or any successor regulation thereto. For purposes of this definition, Morgan Stanley’s subsidiaries and affiliates include (and are limited to) any corporation that is in the same controlled group of corporations (within the meaning of Section 414(b) of the Internal Revenue Code) as Morgan Stanley and any trade or business that is under common control with Morgan Stanley (within the meaning of Section 414(c) of the Internal Revenue Code), determined in each case in accordance with the default provisions set forth in Treasury Regulation §1.409A-1(h)(3).

¹¹ May consist of one or more dates.

¹² May consist of one or more dates.

(aa) You will be deemed to have made **“Unauthorized Disclosures”** about the Firm if, while Employed or following the termination of your Employment, without having first received written authorization from the Firm, you disclose, or participate in the disclosure of or allow disclosure of, any information about the Firm or its present or former clients, customers, executives, officers, directors or other employees or Board members, or its business or operations, or legal matters involving the Firm and resolution or settlement thereof, or any aspects of your Employment with the Firm or termination of such Employment (which, for the avoidance of doubt, does not prevent you from confirming your employment status with the Firm), whether written, oral or in electronic format, to any reporter, author, producer or similar person or entity or to any general public media in any form (including, without limitation, books, articles or writings of any other kind, as well as film, videotape, television or other broadcasts, audio tape, electronic/Internet or blog format or any other medium).

(bb) A **“Wrongful Solicitation”** occurs upon either of the following events:

(1) while Employed, including during any notice period applicable to you in connection with the termination of your Employment, or within 180 days after the termination of your Employment, directly or indirectly in any capacity (including through any person, corporation, partnership or other business entity of any kind), you hire or solicit, recruit, induce, entice, influence or encourage any Firm employee to leave the Firm or become hired or engaged by another firm; *provided, however*, that this clause shall apply only to employees with whom you worked or had professional or business contact, or who worked in or with your business unit, during any notice period

applicable to you in connection with the termination of your Employment or during the 180 days preceding notice of the termination of your Employment; or

(2) while Employed, including during any notice period applicable to you in connection with the termination of your Employment, or within 90 days (180 days if you are a member of the Management Committee at the time of notice of termination) after the termination of your Employment, directly or indirectly in any capacity (including through any person, corporation, partnership or other business entity of any kind), you solicit or entice away or in any manner attempt to persuade any client or customer, or prospective client or customer, of the Firm (i) to discontinue or diminish his, her or its relationship or prospective relationship with the Firm or (ii) to otherwise provide his, her or its business to any person, corporation, partnership or other business entity which engages in any line of business in which the Firm is engaged (other than the Firm); *provided, however*, that this clause shall apply only to clients or customers, or prospective clients or customers, that you worked for on an actual or prospective project or assignment during any notice period applicable to you in connection with the termination of your Employment or during the 180 days preceding notice of the termination of your Employment.

IN WITNESS WHEREOF, Morgan Stanley has duly executed and delivered this Award Certificate as of the Date of the Award.

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MORGAN STANLEY

/s/

[Name]

[Title]

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EXHIBIT 10.21

Morgan Stanley

Morgan Stanley Compensation Incentive Plan

[YEAR] DISCRETIONARY RETENTION AWARDS

AWARD CERTIFICATE

Morgan Stanley

Morgan Stanley Compensation Incentive Plan

[Year] Discretionary Retention Awards

Award Certificate

Morgan Stanley has granted you an award under the Morgan Stanley Compensation Incentive Plan (the "**Plan**") as part of your discretionary incentive compensation and as an incentive for you to remain in Employment and provide services to the Firm through the Scheduled Vesting Date(s). This Award Certificate sets forth the general terms and conditions of your [year] award under the Plan. The initial value of your [year] award has been communicated to you independently.

If you are employed outside the United States, you will also receive an "**International Supplement**" that contains supplemental terms and conditions for your [year] award. You should read this Award Certificate in conjunction with the International Supplement, if applicable, and the Plan in order to understand the terms and conditions of your [year] award.

Your [year] award is made pursuant to the Plan. References to Applicable Account Value in this Award Certificate mean only the Applicable Account Value related to your [year] award, and the terms and conditions herein apply only to such award. If you receive any other award under the Plan or another incentive compensation plan, it will be governed by the terms and conditions of the applicable award documentation, which may be different from those herein.

The purposes of the [year] award are, among other things, to facilitate the allocation of a portion of your discretionary above-base compensation for [year] to the notional investment opportunities afforded by the Plan, to reward you for your continued Employment and service to the Firm in the future and your compliance with the Firm's policies (including the Code of Conduct), to protect the Firm's interests in non-public, confidential and/or proprietary information, products, trade secrets, customer relationships, and other legitimate business interests, and to ensure an orderly transition of responsibilities. In view of these purposes, you will earn [each portion of] your [year] award only if you (1) remain in continuous Employment through the [applicable] Scheduled Vesting Date (subject to limited exceptions set forth below), (2) do not engage in any activity that is a cancellation event set forth in Section 8(c) below **and** (3) satisfy obligations you owe to the Firm as set forth in Section 10 below. Even if your award has vested, you will have no right to your award if a cancellation event occurs under the circumstances set forth in Section 8(c) below. As Morgan Stanley deems appropriate, Morgan Stanley will require you to provide a written certification or other evidence, from time to time in its sole discretion, to confirm that no cancellation event has occurred, including upon a termination of Employment and/or during a specified period of time prior to the [applicable] Scheduled Distribution Date. If you fail to provide any required certification or other evidence, Morgan Stanley will cancel your award. It is your responsibility to provide the Executive Compensation Department with your up-to-date contact information.

Capitalized terms used in this Award Certificate that are not defined in the text have the meanings set forth in Section 18 below. Capitalized terms used in this Award Certificate that are not defined in the text or in Section 18 below have the meanings set forth in the Plan.

1. Your award generally.

(a) Applicable Account Value. This Award Certificate uses the term "Applicable Account Value" to refer to your [year] award under the Plan and the notional return (positive or negative) thereon based on the performance of the Notional Investments to which your

Account is notionally allocated. If you receive another award under the Plan (for example, an award for a future year), your total Account Value under the Plan will include the Applicable Account Value of your [year] award and the applicable Account Value of such other award(s).

(b) Notional allocation of Account. The notional allocation of your Applicable Account Value is subject to the ultimate discretion of the Firm and is made exclusively for the purpose of determining your Applicable Account Value from time to time in accordance with the Plan. You may notionally allocate your Applicable Account Value to any one fund, or any combination of funds, offered as Notional Investments under the Plan with respect to your [year] award.

2. Vesting schedule and payment.

(a) Vesting schedule. Except as otherwise provided in this Award Certificate, your Applicable Account Value will vest on the Scheduled Vesting Date[(s)].¹ Except as otherwise provided in this Award Certificate, your Applicable Account Value will vest only if you continue to provide future services to the Firm by remaining in continuous Employment through the [applicable] Scheduled Vesting Date and providing value added services to the Firm during this timeframe. The special vesting terms set forth in Sections 3, 4, 5 and 6 of this Award Certificate apply (i) if your Employment terminates by reason of your death or Disability, (ii) upon your Full Career Retirement, (iii) if the Firm terminates your employment in an involuntary termination under the circumstances described in Section 4, (iv) upon a Governmental Service Termination or (v) upon a Qualifying Termination. The vested portion of your Applicable Account Value remains subject to the cancellation and withholding provisions set forth in this Award Certificate.

(b) Payment. Except as otherwise provided in this Award Certificate, your Applicable Account Value will, to the extent vested, be paid in cash on the [applicable] Scheduled Distribution Date[(s)];² provided that, subject to Section 2(d), your Applicable Account Value may be paid to you following the [applicable] Scheduled Distribution Date on the next administratively practicable payroll date. The special payment provisions set forth in Sections 3(a), 3(b), 5 and 6 of this Award Certificate apply (i) if your Employment terminates by reason of your death or you die after termination of your Employment, (ii) upon your Governmental Service Termination or your employment at a Governmental Employer following your termination of employment with the Firm under circumstances set forth in Section 5(b) or (iii) upon a Qualifying Termination. All payments are subject to applicable withholdings and deductions.

(c) Accelerated payment. Morgan Stanley shall have no right to accelerate the payment of any portion of your Applicable Account Value, except to the extent that such acceleration is not prohibited by Section 409A and would not result in your being required to recognize income for United States federal income tax purposes prior to the distribution of your Applicable Account Value or your incurring additional tax or interest under Section 409A. If any portion of your Applicable Account Value is paid prior to the [applicable] Scheduled

¹ The vesting schedule and related vesting date(s) presented in this form of Award Certificate are indicative. The vesting schedule and related vesting dates(s) applicable to awards may vary.

² The distribution schedule and related distribution date(s) presented in this form of Award Certificate are indicative. The distribution schedule and related distribution dates(s) applicable to awards may vary.

Distribution Date pursuant to this Section 2(c), Morgan Stanley may condition such payment on your agreement that if you engage in any activity constituting a cancellation event set forth in Section 8(c) within the applicable period of time that would have resulted in cancellation of all or a portion of your Applicable Account Value (had it not been paid pursuant to this Section 2(c)), you will be required to repay to Morgan Stanley an amount equal to the payment you received (before taking account of any withholding) in respect of the portion of your Applicable Account Value that would have been canceled upon the occurrence of such cancellation event, plus interest on such amount at the average rate of interest Morgan Stanley paid to borrow money from financial institutions during the period from the date such portion of your Applicable Account Value was paid through the date preceding the repayment date.

(d) Rule of construction for timing of payment. Whenever this Award Certificate provides for all or a portion of your Applicable Account Value to be paid on a Scheduled Distribution Date or upon a different specified event or date, such payment will be considered to have been timely made, and neither you nor any of your beneficiaries or your estate shall have any claim against the Firm for damages based on a

delay in the payment of your Applicable Account Value, and the Firm shall have no liability to you (or to any of your beneficiaries or your estate) in respect of any such delay, as long as payment is made by December 31st of the year in which occurs the [applicable] Scheduled Distribution Date or such other specified event or date or, if later, by the 15th day of the third calendar month following such specified event or date, or, in connection with any such payment due to death, to the extent permissible under Section 409A, by the end of the calendar year following the year of your death. Similarly, neither you nor any of your beneficiaries or your estate shall have any claim against the Firm for damages, and the Firm shall have no liability to you (or to any of your beneficiaries or your estate), based on any acceleration of the payment of your Applicable Account Value pursuant to Section 2(c).

3. Death, Disability and Full Career Retirement.

The following special vesting and payment terms apply to your award:

(a) Death during Employment. If your Employment terminates due to death, any unvested portion of your Applicable Account Value will vest on the date of your death. Your Applicable Account Value will be paid to the beneficiary you have designated pursuant to Section 11 or the legal representative of your estate, as applicable, upon your death, *provided* that your estate or beneficiary notifies the Firm of your death within 60 days following your death. After your death, the cancellation provisions set forth in Section 8(c) will no longer apply.

(b) Death after termination of Employment. If you die after the termination of your Employment but prior to the [applicable] Scheduled Distribution Date, the vested portion of your Applicable Account Value that you held at the time of your death will be paid to the beneficiary you have designated pursuant to Section 11 or the legal representative of your estate, as applicable, upon your death, *provided* that your estate or beneficiary notifies the Firm of your death within 60 days following your death. After your death, the cancellation provisions set forth in Section 8(c) will no longer apply.

(c) Disability [or Full Career Retirement].³ If your Employment terminates due to Disability [or in a Full Career Retirement (and in the case of a Full Career Retirement in which the Firm terminates your employment under circumstances not involving any cancellation event, you sign an agreement and release satisfactory to the Firm)], any unvested portion of your Applicable Account Value will vest on the date your Employment terminates. Your Applicable Account Value will be paid on the [applicable] Scheduled Distribution Date. [If you do not sign an agree-

³Certain awards may not include a provision for Full Career Retirement.

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ent and release satisfactory to the Firm within the timeframe set by the Firm in connection with your Full Career Retirement under the circumstances described in this Section 4(c), your Applicable Account Value that was unvested immediately prior to your termination shall be canceled.] The cancellation and withholding provisions set forth in this Award Certificate will continue to apply until the [applicable] Scheduled Distribution Date.

4. Involuntary termination by the Firm.⁴

If the Firm terminates your employment under circumstances not involving any cancellation event set forth in Section 8(c), the unvested portion of your Applicable Account Value will vest on the date your employment with the Firm terminates and your Applicable Account Value will be paid on the [applicable] Scheduled Distribution Date, *provided* that you sign an agreement and release satisfactory to the Firm. If you do not sign such an agreement and release satisfactory to the Firm within the timeframe set by the Firm in connection with your involuntary termination as described in this Section 4, any portion of your Applicable Account Value that was unvested immediately prior to your termination shall be canceled. The cancellation and withholding provisions set forth in this Award Certificate will continue to apply until the [applicable] Scheduled Distribution Date.

5. Governmental Service.

(a) General treatment of awards upon Governmental Service Termination. If your Employment terminates in a Governmental Service Termination and not involving a cancellation event set forth in Section 8(c), then, *provided* that you sign an agreement satisfactory to the Firm relating to your obligations pursuant to Section 5(c), any unvested portion of your Applicable Account Value will vest on the

date of your Governmental Service Termination. Your vested Applicable Account Value will be paid on the date of your Governmental Service Termination.

(b) General treatment of vested awards upon acceptance of employment at a Governmental Employer following termination of Employment. If your Employment terminates other than in a Governmental Service Termination and not involving a cancellation event set forth in Section 8(c) and, following your termination of Employment, you accept employment with a Governmental Employer, then, *provided* that you sign an agreement satisfactory to the Firm relating to your obligations pursuant to Section 5(c), the vested portion of your Applicable Account Value will be paid upon your commencement of such employment, *provided* you present the Firm with satisfactory evidence demonstrating that as a result of such employment the divestiture of your continued interest in your Applicable Account Value is reasonably necessary to avoid the violation of U.S. federal, state or local or foreign ethics law or conflicts of interest law applicable to you at such Governmental Employer.

(c) Repayment obligation. If any activity or event constituting a cancellation event set forth in Section 8(c) occurs within the applicable period of time that would have resulted in cancellation of all or a portion of your Applicable Account Value had it not been paid pursuant to Sections 5(a) or 5(b) above, you will be required to repay to Morgan Stanley the amount distributed to you pursuant to Sections 5(a) or 5(b) above that would have been canceled upon the occurrence of such cancellation event (before taking account of any withholding), plus interest on such amount at the average rate of interest Morgan Stanley paid to borrow money from financial institutions during the period from the date of such payment through the date preceding the repayment date.

⁴Treatment upon an involuntary termination by the Firm is indicative and may vary between awards.

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6. Qualifying Termination.

If your employment terminates in a Qualifying Termination, any unvested portion of your Applicable Account Value will vest, cancellation provisions will lapse, and, subject to Section 7, your Applicable Account Value will be paid upon your Qualifying Termination.

7. Specified employees.

Notwithstanding any other terms of this Award Certificate, if Morgan Stanley considers you to be one of its "specified employees" as defined in Section 409A at the time of your Separation from Service, payment of the portion of your Applicable Account Value that is "nonqualified deferred compensation" for purposes of Section 409A that would otherwise be made upon your Separation from Service (including, without limitation, any portion of your Applicable Account Value payable upon your Qualifying Termination, as provided in Section 6) will be delayed until the first business day following the date that is six months after your Separation from Service; *provided, however*, that in the event that your death, your Governmental Service Termination or your employment at a Governmental Employer following your termination of employment with the Firm under circumstances set forth in Section 5(b) occurs at any time after the Date of the Award, payment will be made in accordance with Section 3(a), 3(b) or 5, as applicable.

8. Cancellation of Applicable Account Value under certain circumstances.

(a) Cancellation of unvested Applicable Account Value. Any unvested portion of your Applicable Account Value will be canceled if your Employment terminates for any reason other than death, Disability, [a Full Career Retirement], an involuntary termination by the Firm described in Section 4, a Governmental Service Termination or a Qualifying Termination.

(b) General treatment of vested Applicable Account Value. Except as otherwise provided in this Award Certificate, the vested portion of your Applicable Account Value will be paid on the [applicable] Scheduled Distribution Date. The cancellation and withholding provisions set forth in this Award Certificate will continue to apply until the [applicable] Scheduled Distribution Date.

(c) Cancellation of Applicable Account Value under certain circumstances.⁵ The cancellation events set forth in this Section 8(c) are designed, among other things, to incentivize compliance with the Firm's policies (including the Code of Conduct), to protect the Firm's interests in non-public, confidential and/or proprietary information, products, trade secrets, customer relationships, and other legitimate

business interests, and to ensure an orderly transition of responsibilities. This Section 8(c) shall apply notwithstanding any other terms of this Award Certificate (except where sections in this Award Certificate specifically provide that the cancellation events set forth in this Section 8(c) no longer apply).

Your Applicable Account Value, even if vested, is not earned until the [applicable] Scheduled Distribution Date (and until you satisfy all obligations you owe to the Firm as set forth in Section 10 below) and, unless prohibited by applicable law, will be canceled, in full or in part, as determined by the Firm in its sole discretion, prior to the [applicable] Scheduled Distribution Date in any of the circumstances set forth below in this Section 8(c). The

The cancellation provisions presented in Section 9(c) of this form of Award Certificate and any corresponding definitions are indicative. The cancellation provisions and corresponding definitions applicable to awards may vary.

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Firm may retain custody of your Applicable Account Value following the [applicable] Scheduled Distribution Date pending any investigation or other review that impacts the determination as to whether all or any portion of your Applicable Account Value is cancellable under the circumstances set forth below and, in such an instance, your Applicable Account Value shall be forfeited in the event the Firm determines that the Applicable Account Value was cancellable.

(1) Competitive Activity. If, prior to the [applicable] Scheduled Distribution Date, you engage in Competitive Activity [in connection with or following your resignation of Employment], then your Applicable Account Value will be canceled, in full or in part, as determined by the Firm in its sole discretion, subject to applicable law.

(2) Other Events. If any of the following events occur at any time before the [applicable] Scheduled Distribution Date, your Applicable Account Value (whether or not vested) will be canceled, in full or in part, as determined by the Firm in its sole discretion, subject to applicable law:

(i) Your Employment is terminated for Cause or you engage in conduct constituting Cause (either during or following Employment and whether or not your Employment has been terminated as of the [applicable] Scheduled Distribution Date);

(ii) Following the termination of your Employment, the Firm determines that your Employment could have been terminated for Cause;

(iii) You disclose Confidential and Proprietary Information to any unauthorized person outside the Firm, or use or attempt to use Confidential and Proprietary Information other than in connection with the business of the Firm; or you fail to comply with your obligations (either during or after your Employment) under the Firm's Code of Conduct (and any applicable supplements), or otherwise existing between you and the Firm, relating to Confidential and Proprietary Information or an assignment, procurement or enforcement of rights in Confidential and Proprietary Information;

(iv) You engage in a Wrongful Solicitation;

(v) You make any Unauthorized Disclosures or Defamatory or Disparaging Comments about the Firm;

(vi) You fail or refuse, following your termination of Employment, to cooperate with or assist the Firm in a timely manner in connection with any investigation, regulatory matter, lawsuit or arbitration in which the Firm is a subject, target or party and as to which you may have pertinent information; or

(vii) You resign from your employment with the Firm without having provided the Firm prior written notice of your resignation consistent with the notice period requirements undertaken by you in connection with your employment offer letter, Sign-On or Notice & Non-Solicitation Agreement or any other contractual obligation in connection with the terms and conditions of your

employment, or, in the event no such prior contractual notice period requirements exist, you resign from your employment with the Firm without having provided the Firm prior written notice of your resignation of at least thirty (30) days.

(3) Clawback Cancellation Events.

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(i) Your entire Applicable Account Value (whether or not vested) will be canceled in full or in part, subject to applicable law and as determined by the Firm in its sole discretion, if at any time before the [applicable] Scheduled Distribution Date you take any action, or you fail to take any action (including with respect to direct supervisory responsibilities), where such action or omission:

(a) causes a restatement of the Firm's consolidated financial results;

(b) constitutes a violation by you of the Firm's Global Risk Management Principles, Policies and Standards (where prior authorization and approval of appropriate senior management was not obtained) whether such action results in a favorable or unfavorable impact to the Firm's consolidated financial results; or

(c) causes a loss in the current year on a trade or transaction originating in the current year or in any prior year for which revenue was recognized and which was a factor in your award determination, and violated internal control policies that resulted from your:

(1) violation of business unit, product or desk specific risk parameters;

(2) use of an incorrect valuation model, method, or inputs for transactions subject to the "STAR" approval process;

(3) failure to perform appropriate due diligence prior to a trade or transaction or failure to provide critical information known at the time of the transaction that might negatively affect the valuation of the transaction; or

(4) failure to timely monitor or escalate to management a loss position pursuant to applicable policies and procedures.

In the event that the Firm determines, in its sole discretion, that your action or omission is as described in clause 8(c) (3)(i)(c) and you do not engage in any other cancellation or clawback event described in this Section 8(c), your [year] award will be reduced by a fraction, the numerator of which is the amount of the pre-tax loss, and the denominator of which is the total revenue originally recognized by the Firm which was a factor in your award determination.

(ii) With respect to members of the Morgan Stanley Operating Committee as of December 31st preceding the Date of Award, the Compensation Committee may cancel your entire Applicable Account Value (whether or not vested), in full or in part, if the Compensation Committee

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determines, in its sole discretion, that at any time before the [applicable] Scheduled Distribution Date you had significant responsibility for a material adverse outcome for the Firm or any of its businesses or functions. For purposes of this provision, a "material adverse outcome" for the Firm shall be defined as an annual pre-tax loss for Morgan Stanley as reported in the most recently filed Form 10-K, adjusted to eliminate the impact of changes to an individual, or application of a new, accounting rule that are not applied on a full retrospective basis in the year of adoption and result in a cumulative catch-up adjustment (recorded either as a gain or a loss) in the applicable fiscal year. The Compensation Committee shall have the sole authority to interpret this provision and its determinations shall be final and binding on all persons.

9. Tax and other withholding obligations.

Any vesting, whether on a Scheduled Vesting Date or some other date, of all or a portion of your Applicable Account Value, and any payment of all or a portion of your Applicable Account Value shall be subject to the Firm's withholding of all required United States federal, state, local and foreign income and employment/payroll taxes (including Federal Insurance Contributions Act taxes). You authorize the Firm to withhold such taxes from any payroll or other payment or compensation to you, including by canceling or accelerating payment of a portion of your Applicable Account Value in an amount not to exceed such taxes imposed upon such vesting or distribution and any additional taxes imposed as a result of such cancellation or acceleration, and to take such other action as the Firm may deem advisable to enable it and you to satisfy obligations for the payment of withholding taxes and other tax obligations, assessments, or other governmental charges, whether of the United States or any other jurisdiction, relating to the vesting or payment of your Applicable Account Value. However, the Firm may not deduct or withhold such sum from any payroll or any other payment or compensation (including from your Applicable Account Value), except to the extent it is not prohibited by Section 409A and would not cause you to recognize income for United States federal income tax purposes prior to the distribution of your Applicable Account Value or to incur interest or additional tax under Section 409A.

10. Obligations you owe to the Firm.

As a condition to the earning, payment or distribution of your award, the Firm may require you to pay such sum to the Firm as may be necessary to satisfy any obligation that you owe to the Firm. Notwithstanding any other provision of this Award Certificate, your award, even if vested, is not earned until after such obligations and any tax withholdings or other deductions required by law are satisfied. Notwithstanding the foregoing, Morgan Stanley may not reduce the amount of your Applicable Account Value to be distributed to satisfy obligations that you owe to the Firm except (i) to the extent authorized under Section 9, relating to tax and other withholding obligations or, otherwise, (ii) to the extent such reduction is not prohibited by Section 409A and would not cause you to recognize income for United States federal income tax purposes prior to the distribution of your Applicable Account Value or to incur additional tax or interest under Section 409A. Morgan Stanley's determination of any amount that you owe the Firm shall be conclusive.

11. Nontransferability.

You may not sell, pledge, hypothecate, assign or otherwise transfer your Applicable Account Value, other than as provided in Section 12 (which allows you to designate a beneficiary or beneficiaries in the event of your death) or by will or the laws of descent and distribution. This prohibition includes any assignment or other transfer that purports to occur by

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operation of law or otherwise. During your lifetime, payments relating to your Applicable Account Value will be made only to you.

Your personal representatives, heirs, legatees, beneficiaries, successors and assigns, and those of Morgan Stanley, shall all be bound by, and shall benefit from, the terms and conditions of your award.

12. Designation of a beneficiary.

You may make a written designation of beneficiary or beneficiaries to receive all or part of the amounts to be distributed in respect of your Applicable Account Value in the event of your death. To make a beneficiary designation, you must complete and submit the Beneficiary Designation form on the Executive Compensation website.

Any portion of your Applicable Account Value that becomes payable upon your death, and as to which a designation of beneficiary is not in effect, will be distributed to your estate.

If you previously filed a designation of beneficiary form for your award(s) under the Plan with the Executive Compensation Department, such form will also apply to all of your awards under the Plan, including this [year] award. You may replace or revoke your beneficiary designation at any time. If there is any question as to the legal right of any beneficiary to receive your Applicable Account Value, Morgan Stanley may determine in its sole discretion to distribute the amounts in question to your estate. Morgan Stanley's determination shall be binding and conclusive on all persons and it will have no further liability to anyone with respect to such amounts.

13. No entitlements.

(a) No right to continued Employment. This [year] award is not an employment agreement, and nothing in this Award Certificate, the International Supplement, if applicable, or the Plan shall alter your status as an "at-will" employee of the Firm or your employment status at a Related Employer. None of this Award Certificate, the International Supplement, if applicable, or the Plan shall be construed as guaranteeing your employment by the Firm or a Related Employer, or as giving you any right to continue in the employ of the Firm or a Related Employer, during any period (including without limitation the period between the Date of the Award and the [applicable] Scheduled Vesting Date or Scheduled Distribution Date, or any portion of any of these periods), nor shall they be construed as giving you any right to be reemployed by the Firm or a Related Employer following any termination of Employment.

(b) No right to future awards. This award, and all other awards under the Plan, are discretionary. This award does not confer on you any right or entitlement to receive another award under the Plan or any other award under any other incentive compensation plan of Morgan Stanley at any time in the future or in respect of any future period.

(c) No effect on future employment compensation. Morgan Stanley has made this award to you in its sole discretion. This award does not confer on you any right or entitlement to receive compensation in any specific amount for any future year, and does not diminish in any way the Firm's discretion to determine the amount, if any, of your compensation. This award is not part of your base salary or wages and will not be taken into account in determining any other employment-related rights you may have, such as rights to pension or severance pay.

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14. Consents under local law.

Your award is conditioned upon the making of all filings and the receipt of all consents or authorizations required to comply with, or required to be obtained under, applicable local law.

15. Award modification.

Morgan Stanley reserves the right to modify or amend unilaterally the terms and conditions of your award, without first asking your consent, or to waive any terms and conditions that operate in favor of Morgan Stanley. These amendments may include (but are not limited to) changes that Morgan Stanley considers necessary or advisable as a result of changes in any, or the adoption of any new, Legal Requirement. Morgan Stanley may not modify your award in a manner that would materially impair your rights in your award without your consent; *provided, however,* that Morgan Stanley may, but is not required to, without your consent, amend or modify your award in any manner that Morgan Stanley considers necessary or advisable to (i) comply with any Legal Requirement, (ii) ensure that your award does not result in an excise or other supplemental tax on the Firm under any Legal Requirement, or (iii) ensure that your award is not subject to United States federal, state or local income tax or any equivalent taxes in territories outside the United States prior to payment or distribution. Morgan Stanley will notify you of any amendment of your award that affects your rights. Any amendment or waiver of a provision of this Award Certificate (other than any amendment or waiver applicable to all recipients generally), which amendment or waiver operates in your favor or confers a benefit on you, must be in writing and signed by the Chief Human Resources Officer or the Chief Operating Officer (or if such positions no longer exist, by the holder of an equivalent position) to be effective.

16. Governing law and exclusive jurisdiction.

This Award Certificate and all rights hereunder shall be governed by, and construed and enforced in accordance with, the laws of the State of New York, without regard to any conflicts or choice of law, rule or principle that might otherwise refer the interpretation of the award to the substantive or procedural law of another jurisdiction. Unless you are bound by an arbitration agreement with Morgan Stanley (or its parents, subsidiaries, affiliates, predecessors, successors or assigns) covering any dispute arising out of or in any way connected with the Plan or this Award Certificate, your participation in the Plan or rights under the Plan or this Award Certificate, the United States District Court for the Southern District of New York shall have exclusive jurisdiction over any such dispute or, if the United States District Court for the Southern District of New York does not have subject matter jurisdiction, the Supreme Court for the State of New York, New York County shall have exclusive jurisdiction.

17. Severability.

The provisions set forth herein shall be severable and, if any provision of this Award Certificate shall be determined to be legally unenforceable or void, such unenforceable or void provision shall not affect the legality, validity or enforceability of the remaining provisions hereof and may be severed from the remaining provisions as appropriate, to the extent permitted by law. If a tribunal of competent jurisdiction determines that a particular provision set forth herein is invalid, unenforceable, or void under the applicable law in a particular jurisdiction, such provision will not be enforced in that jurisdiction, but shall remain effective and enforceable in all other jurisdictions.

18. Defined terms.

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For purposes of this Award Certificate, the following terms shall have the meanings set forth below:

(a) **"Board"** means the Board of Directors of Morgan Stanley.

(b) **"Cause"** means:

(1) any act or omission which constitutes a breach of your obligations to the Firm, including, without limitation, (A) your failure to comply with any notice or non-solicitation restrictions that may be applicable to you or (B) your failure to comply with the Firm's policies, or compliance, ethics or risk management standards, or your failure or refusal to perform satisfactorily any duties reasonably required of you;

(2) your commission of any dishonest or fraudulent act, or any other act or omission, which has caused or may reasonably be expected to cause injury to the interest or business reputation of the Firm; or

(3) your violation of any securities, commodities or banking laws, any rules or regulations issued pursuant to such laws, or rules or regulations of any securities or commodities exchange or association of which the Firm is a member or of any policy of the Firm relating to compliance with any of the foregoing;

provided, that an act or omission shall constitute "Cause" for purposes of this definition if the Firm determines, in its sole discretion, that such action or omission is described in Section 8(c)(3)(i)(c) and is deliberate, intentional or willful.

(c) A **"Change in Control"** shall be deemed to have occurred if any of the following conditions shall have been satisfied:

(1) any one person or more than one person acting as a group (as determined under Section 409A), other than (A) any employee plan established by Morgan Stanley or any of its Subsidiaries, (B) Morgan Stanley or any of its affiliates (as defined in Rule 12b-2 promulgated under the Exchange Act), (C) an underwriter temporarily holding securities pursuant to an offering of such securities, or (D) a corporation owned, directly or indirectly, by stockholders of Morgan Stanley in substantially the same proportions as their ownership of Morgan Stanley, is or becomes, during any 12-month period, the beneficial owner, directly or indirectly, of securities of Morgan Stanley (not including in the securities beneficially owned by such person(s) any securities acquired directly from Morgan Stanley or its affiliates other than in connection with the acquisition by Morgan Stanley or its affiliates of a business) representing 50% or more of the total voting power of the

stock of Morgan Stanley; *provided, however*, that the provisions of this subsection (1) are not intended to apply to or include as a Change in Control any transaction that is specifically excepted from the definition of Change in Control under subsection (3) below;

(2) a change in the composition of the Board such that, during any 12-month period, the individuals who, as of the beginning of such period, constitute the Board (the “**Existing Board**”) cease for any reason to constitute at least 50% of the Board; *provided, however*, that any individual becoming a member of the Board subsequent to the beginning of such period whose election, or nomination for election by Morgan Stanley’s stockholders, was approved by a vote of at least a majority of the directors immediately prior to the date of such appointment or election shall be considered as though such individual were a member of the Existing Board;

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(3) the consummation of a merger or consolidation of Morgan Stanley with any other corporation or other entity, or the issuance of voting securities in connection with a merger or consolidation of Morgan Stanley (or any direct or indirect subsidiary of Morgan Stanley) pursuant to applicable stock exchange requirements; *provided* that immediately following such merger or consolidation the voting securities of Morgan Stanley outstanding immediately prior thereto do not continue to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity of such merger or consolidation or parent entity thereof) 50% or more of the total voting power of Morgan Stanley stock (or if Morgan Stanley is not the surviving entity of such merger or consolidation, 50% or more of the total voting power of the stock of such surviving entity or parent entity thereof); and *provided further* that a merger or consolidation effected to implement a recapitalization of Morgan Stanley (or similar transaction) in which no person (as determined under Section 409A) is or becomes the beneficial owner, directly or indirectly, of securities of Morgan Stanley (not including in the securities beneficially owned by such person any securities acquired directly from Morgan Stanley or its affiliates other than in connection with the acquisition by Morgan Stanley or its affiliates of a business) representing 50% or more of either the then outstanding shares of Morgan Stanley common stock or the combined voting power of Morgan Stanley’s then outstanding voting securities shall not be considered a Change in Control; or

(4) the complete liquidation of Morgan Stanley or the sale or disposition by Morgan Stanley of all or substantially all of Morgan Stanley’s assets in which any one person or more than one person acting as a group (as determined under Section 409A) acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) assets from Morgan Stanley that have a total gross fair market value equal to more than 50% of the total gross fair market value of all of the assets of Morgan Stanley immediately prior to such acquisition or acquisitions.

Notwithstanding the foregoing, (x) no Change in Control shall be deemed to have occurred if there is consummated any transaction or series of integrated transactions immediately following which the record holders of Morgan Stanley common stock immediately prior to such transaction or series of transactions continue to have substantially the same proportionate ownership in an entity which owns substantially all of the assets of Morgan Stanley immediately prior to such transaction or series of transactions and (y) no event or circumstances described in any of clauses (1) through (4) above shall constitute a Change in Control unless such event or circumstances also constitute a change in the ownership or effective control of Morgan Stanley, or in the ownership of a substantial portion of Morgan Stanley’s assets, as defined in Section 409A. In addition, no Change in Control shall be deemed to have occurred upon the acquisition of additional control of Morgan Stanley by any one person or more than one person acting as a group that is considered to effectively control Morgan Stanley.

For purposes of the provisions of this Award Certificate, terms used in the definition of a Change in Control shall be as defined or interpreted pursuant to Section 409A.

(d) “**Competitive Activity**” means:

(1) becoming, or entering into any arrangement as, an employee, officer, partner, member, proprietor, director, independent contractor, consultant, advisor, representative or agent of, or serving in any similar position or capacity with, a Competitor, where you will be responsible for providing, or managing or supervising others who are providing, any services (x) that are similar or substantially related to any services that you provided to the Firm, or (y) that you had direct or indirect managerial or

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supervisory responsibility for at the Firm, or (z) that call for the application of any of the same or similar specialized knowledge or skills as those utilized by you in your services for the Firm, in each such case, at any time during the year preceding the termination of your employment with the Firm; or

(2) either alone or in concert with others, forming, or acquiring a 5% or greater equity ownership, voting interest or profit participation in, a Competitor.

(e) “**Competitor**” means any corporation, partnership or other entity that engages, or that owns a significant interest in any corporation, partnership or other entity that engages, in any business activity the Firm engages in, or that you reasonably knew or should have known that the Firm was planning to engage in, at the time of the termination of your Employment.

(f) “**Confidential and Proprietary Information**” means any information that is classified as confidential in the Firm's Global Policy on Confidential Information or that may have intrinsic value to the Firm, the Firm's clients or other parties with which the Firm has a relationship, or that may provide the Firm with a competitive advantage, including, without limitation, any trade secrets; inventions (whether or not patentable); formulas; flow charts; computer programs; access codes or other systems information; algorithms; technology and business processes; business, product or marketing plans; sales and other forecasts; financial information; client lists or other intellectual property; information relating to compensation and benefits; and public information that becomes proprietary as a result of the Firm's compilation of that information for use in its business, *provided* that such Confidential and Proprietary Information does not include any information which is available for use by the general public or is generally available for use within the relevant business or industry other than as a result of your action. Confidential and Proprietary Information may be in any medium or form, including, without limitation, physical documents, computer files or discs, electronic communications, videotapes, audiotapes, and oral communications.

(g) “**Date of the Award**” means [insert grant date, which typically will coincide approximately with the end of the year in respect of which the award is made].

(h) You will be deemed to have made “**Defamatory or Disparaging Comments**” about the Firm if, at any time, you make, publish, or issue, or cause to be made, published or issued, in any medium whatsoever to any person or entity external to the Firm, any derogatory, defamatory or disparaging statement regarding the Firm, its businesses or strategic plans, products, practices, policies, personnel or any other Firm matter. Nothing contained herein is intended to prevent you from testifying truthfully or making truthful statements or submissions in litigation or other legal, administrative or regulatory proceedings or internal investigations.

(i) “**Disability**” means any condition that would qualify for a benefit under any group long-term disability plan maintained by the Firm and applicable to you.

(j) “**Employed**” and “**Employment**” refer to employment with the Firm and/or Related Employment.

(k) The “**Firm**” means Morgan Stanley (including any successor thereto) together with its subsidiaries and affiliates. For purposes of the definitions of “Cause,” “Confidential and Proprietary Information,” “Defamatory or Disparaging Comments,” “Unauthorized Disclosures” and “Wrongful Solicitation” set forth in this Award Certificate and Section 8(c)(2)(vi) of this Award Certificate, references to the “Firm” shall refer severally to the Firm as defined in the preceding sentence and your Related Employer, if any. For purposes of

the cancellation provisions set forth in this Award Certificate relating to disclosure or use of Confidential and Proprietary Information, references to the "Firm" shall refer to the Firm as defined in the second preceding sentence or your Related Employer, as applicable.

(l) **"Full Career Retirement"** means the termination of your Employment by you or by the Firm for any reason other than under circumstances involving any cancellation event described in Section 8(c), and other than due to your death or Disability, a Governmental Service Termination or pursuant to a Qualifying Termination, if you meet any of the following criteria as of your termination date and you have provided the Firm 12 months' advance notice of such termination in a form satisfactory to the Firm:

- (1) you have attained age 50 and completed at least 12 years of service as a []⁶ of the Firm or equivalent officer title; or
- (2) you have attained age 50 and completed at least 15 years of service as an officer of the Firm at the level of []⁷ or above; or
- (3) you have completed at least 20 years of service with the Firm; or
- (4) you have attained age 55 and have completed at least 5 years of service with the Firm and the sum of your age and years of service equals or exceeds 65.⁸

For the purposes of the foregoing definition, service with the Firm will include any period of service with the following entities and any of their predecessors:

1. AB Asesores ("**ABS**") prior to its acquisition by the Firm (*provided* that only years of service as a partner of ABS shall count towards years of service as an officer);
2. Morgan Stanley Group Inc. and its subsidiaries ("**MS Group**") prior to the merger with and into Dean Witter, Discover & Co.;
3. Miller Anderson & Sherrerd, L.L.P. prior to its acquisition by MS Group;
4. Van Kampen Investments Inc. and its subsidiaries prior to its acquisition by MS Group;
5. FrontPoint Partners LLC and its subsidiaries prior to its acquisition by the Firm; and
6. Dean Witter, Discover & Co. and its subsidiaries ("**DWD**") prior to the merger of Morgan Stanley Group Inc. with and into Dean Witter, Discover & Co.;

⁶Specified officer title(s) in one or more specified business units.

⁷Specified officer title(s) in one or more specified business units.

⁸Age and service conditions specified in clauses (1) through (4) are indicative and may vary from year to year and for awards granted to certain employees.

provided that, in the case of an employee who has transferred employment from DWD to MS Group or vice versa, a former employee of DWD will receive credit for employment with DWD only if he or she transferred directly from DWD to Morgan Stanley & Co. Incorporated or its affiliates subsequent to February 5, 1997, and a former employee of MS Group will receive credit for employment with MS Group only if he or she transferred directly from MS Group to Morgan Stanley DW Inc. or its affiliates subsequent to February 5, 1997.]

(m) **"Governmental Employer"** means a governmental department or agency, self-regulatory agency or other public service employer.

(n) **"Governmental Service Termination"** means the termination of your Employment due to your commencement of employment at a Governmental Employer; *provided* that you have presented the Firm with satisfactory evidence demonstrating that as a result of such new employment, the divestiture of your continued interest in your Applicable Account Value is reasonably necessary to avoid the violation of U.S. federal, state or local or foreign ethics law or conflicts of interest law applicable to you at such Governmental Employer.

(o) **"Internal Revenue Code"** means the United States Internal Revenue Code of 1986, as amended, and the rules, regulations and guidance thereunder.

(p) **"Legal Requirement"** means any law, regulation, ruling, judicial decision, accounting standard, regulatory guidance or other legal requirement.

(q) **"Management Committee"** means the Morgan Stanley Management Committee and thereunder (or any successor or equivalent committee).

(r) **"Qualifying Termination"** means your Separation from Service within eighteen (18) months following a Change in Control under either of the following circumstances: (a) the Firm terminates your employment under circumstances not involving any cancellation event; or (b) you resign from the Firm due to (i) a materially adverse alteration in your position or in the nature or status of your responsibilities from those in effect immediately prior to the Change in Control, as determined by the Administrator, or (ii) the Firm requiring your principal place of employment to be located more than 75 miles from the location where you were principally employed at the time of the Change in Control (except for required travel on the Firm's business to an extent substantially consistent with your business travel obligations in the ordinary course of business prior to the Change in Control) provisions thereto).

(s) **"Related Employment"** means your employment with an employer other than the Firm (such employer, herein referred to as a "Related Employer"), *provided* that: (i) you undertake such employment at the written request or with the written consent of Morgan Stanley's Chief Human Resources Officer (or if such position no longer exists, the holder of an equivalent position); (ii) immediately prior to undertaking such employment you were an employee of the Firm or were engaged in Related Employment (as defined herein); and (iii) such employment is recognized by the Firm in its discretion as Related Employment; and, *provided further*, that the Firm may (1) determine at any time in its sole discretion that employment that was recognized by the Firm as Related Employment no longer qualifies as Related Employment, and (2) condition the designation and benefits of Related Employment on such terms and conditions as the Firm may determine in its sole discretion; and *provided further*, the Firm will not provide for Related Employment except to the extent such treatment is not prohibited by Section 409A and would not cause you to recognize income for United States federal income tax purposes prior to the distribution of your Applicable Account Value or to incur interest or additional tax under Section 409A. The designation of employment as Related Employment

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does not give rise to an employment relationship between you and the Firm, or otherwise modify your and the Firm's respective rights and obligations.

(t) **"Scheduled Distribution Date"** means .9

(u) **"Scheduled Vesting Date"** means .10

(v) **"Section 409A"** means Section 409A of the Internal Revenue Code and any regulations thereunder.

(w) **"Separation from Service Top Hat Plan"** means a separation plan, including a program under MSCIP, that is intended to qualify as a plan maintained for a select group of highly compensated or management employees within the meaning of ERISA.

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Morgan Stanley Schedule of Non-Employee Directors' Annual Compensation

Effective as of November 1, 2024

RETAINER ⁽¹⁾	AMOUNT
Service as a Non-employee Director	\$115,000
Service as Chair of Audit Committee or Risk Committee	\$ 40,000
Service as Chair of Compensation, Management Development and Succession Committee; Governance and Sustainability Committee; or Operations and Technology Committee	\$ 30,000
Service as Lead Director	\$100,000

⁽¹⁾ The retainer shall be paid semi-annually in arrears for the period from the immediately preceding Annual Meeting of Shareholders until the next succeeding Annual Meeting of Shareholders. 50% of a Director's retainer shall be payable on (or promptly after) the first day of the calendar month following the six-month anniversary of the immediately preceding Annual Meeting of Shareholders. The remaining portion of a non-employee Director's retainer shall be payable on (or promptly after) the first day of the calendar month following the next succeeding Annual Meeting of Shareholders.

In the event a Director joins the Board, and/or commences service with as Chair on a Board committee, at a time other than an Annual Meeting of Shareholders, such Director shall be entitled to receive a prorated retainer for service on the Firm for purposes Board or such Board committee, as applicable, until the next succeeding Annual Meeting of Section 409A determined using the default provisions set forth Shareholders semi-annually in Treasury Regulation §1.409A-1(h) or any successor regulation thereto. arrears. For purposes of this definition, Morgan Stanley's subsidiaries and affiliates include (and are limited to) any corporation that is prorating the retainer, service will be credited in full month increments beginning on the same controlled group of corporations (within the meaning of Section 414(b) first day of the Internal Revenue Code) calendar month during which the Director joins the Board, or commences service as Morgan Stanley and any trade or business that is under common control with Morgan Stanley (within the meaning Chair of Section 414(c) of the Internal Revenue Code), determined in each case such Board committee. Such retainer(s) shall be payable in accordance with the default provisions payment schedule set forth in Treasury Regulation §1.409A-1(h)(3).the immediately preceding paragraph.

^(x) You In the event a Director terminates from service on the Board, and/or terminates from service as Chair of a Board committee, at a time other than an Annual Meeting of Shareholders, such Director shall be entitled to receive a prorated retainer for service on the Board and/or as Chair of such Board committee. For purposes of prorating the retainer, service will be deemed to have made "Unauthorized Disclosures" about credited in full month increments ending on the Firm if, while Employed last day of the calendar month immediately preceding the calendar month during which the Director terminates from service as a Director and/or following as Chair of a Board Committee, as applicable. Such retainer(s) shall be payable in accordance with the termination of your Employment, without having first received written authorization from the Firm, you disclose, or participate payment schedule set forth in the disclosure first paragraph of or allow disclosure of, any information about the Firm or its present or former clients, customers, executives, officers, directors, or other employees or Board members, or its business or operations, or legal matters involving the Firm and resolution or settlement thereof, or any aspects of your Employment with the Firm or termination of such Employment (which, for the avoidance of doubt, does not prevent you from confirming your employment status with the Firm), whether written, oral or in electronic format, to any reporter, author, producer or similar person or entity or to any general public media in any form (including without limitation, books, articles or writings of any other kind, as well as film, videotape, television or other broadcasts, audio tape, electronic/Internet or blog format or any other medium).

^(y) A "Wrongful Solicitation" occurs upon either of the following events:

⁽¹⁾ while Employed, including during any notice period applicable to you in connection with the termination of your Employment, or within 180 days after the termination of your Employment, directly or indirectly in any capacity (including through any person, corporation, partnership or other business entity of any kind), you hire or solicit, recruit, induce, entice, influence or encourage any Firm employee to leave the Firm or become hired or engaged by another firm; this fee schedule, provided that, however, that this clause in the event

the director terminates from service on the Board, such retainer(s) shall apply only to employees with whom you worked or had professional or business contact, or who worked in or with your business unit, during any notice period applicable to you in connection with be payable upon (or promptly after) the director's Board service termination of your Employment or during the 180 days preceding notice of the termination of your Employment; or

(2) while Employed, including during any notice period applicable to you in connection with the termination of your Employment, or within 90 days (180 days if you are a member of the Management Committee at the time of notice of termination) after the termination of your Employment, directly or indirectly in any capacity (including through any person, corporation, partnership or other business entity of any

⁹ May consist of one or more dates.

¹⁰ May consist of one or more dates.

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kind), you solicit or entice away or in any manner attempt to persuade any client or customer, or prospective client or customer, of the Firm (i) to discontinue or diminish his, her or its relationship or prospective relationship with the Firm or (ii) to otherwise provide his, her or its business to any person, corporation, partnership or other business entity which engages in any line of business in which the Firm is engaged (other than the Firm); provided, however, that this clause shall apply only to clients or customers, or prospective clients or customers, that you worked for on an actual or prospective project or assignment during any notice period applicable to you in connection with the termination of your Employment or during the 180 days preceding notice of the termination of your Employment. date.

IN WITNESS WHEREOF, Morgan Stanley has duly executed and delivered this Award Certificate as of Notwithstanding the Date of foregoing, a non-employee director may elect to receive the Award.

MORGAN STANLEY

/s/ _____

[Name]

[Title]retainer on a deferred basis under the Directors' Equity Capital Accumulation Plan.

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EXHIBIT 10.19

Description of Executive Health Coverage

All members of the Operating Committee of Morgan Stanley (the "Company") are eligible to participate in Company-sponsored health and insurance benefit programs available in the relevant jurisdiction to similarly situated employees. Operating Committee members are also eligible to participate in Morgan Stanley's Executive Health Program under which each Operating Committee member is eligible to receive Company-funded access to a U.S.-based private primary care physician offering on-call services and an annual executive health care

assessment. U.S. benefits eligible current and former Operating Committee members who retire with the requisite years of service on the Operating Committee are eligible to receive retiree medical, dental and vision coverage (the "Executive Retiree Health Program") for themselves and their eligible dependents paid by the Company. Eligibility is restricted in certain situations, such as if the individual engages in conduct constituting "cause", "competition", or "wrongful solicitation", or does not meet his or her obligations under an agreement with the Company, in each case during or after employment, and is deferred while eligible as the primary policy holder for any other employer sponsored health plan (excluding a retiree health plan). The Executive Health Program and the Executive Retiree Health Program may be amended or discontinued at any time, including to curtail or extend benefits for some or all covered individuals, to change the cost of coverage and to implement changes required by federal, state and local legislation.

EXHIBIT 10.22

Morgan Stanley

Equity Incentive Compensation Plan

[YEAR] LONG-TERM INCENTIVE PROGRAM PERFORMANCE STOCK UNIT AWARD

AWARD CERTIFICATE

Morgan Stanley

[Year] Long-Term Incentive Program Award

Award Certificate

Morgan Stanley has awarded you a [year] performance stock unit award under the long-term incentive program award ("**LTIP PSU Award**") as an incentive for you to remain in Employment and provide services to the Firm. This Award Certificate sets forth the general terms and conditions of your [year] **LTIP PSU Award**. Your [year] **LTIP PSU Award** consists of a Target Award of performance stock units. The number of performance stock units comprising the Target Award has been communicated to you independently.

Your **LTIP PSU Award** is made pursuant to the Plan. References to "performance stock units" and "units" (which terms are used interchangeably) in this Award Certificate mean only those performance stock units included in your [year] **LTIP PSU Award**, and the terms and

conditions herein apply only to such award. If you receive any other award under the Plan or another equity compensation plan, it will be governed by the terms and conditions of the applicable award documentation, which may be different from those herein.

The purpose of your **LTIP PSU** Award is, among other things, to align your interests with the interests of the Firm and Morgan Stanley's stockholders, to reward you for your continued Employment and service to the Firm in the future and your compliance with the Firm's policies (including the Code of Conduct), to protect the Firm's interests in non-public, confidential and/or proprietary information, products, trade secrets, customer relationships, and other legitimate business interests, and to ensure an orderly transition of responsibilities. In view of these purposes, the number of performance stock units that you earn will depend on the Company's performance during the Performance Period. Moreover, you will earn your **LTIP PSU** Award only if you (1) remain in continuous Employment through the Scheduled Vesting Date (subject to limited exceptions set forth below), (2) do not engage in any activity that is a cancellation event set forth in Section 10(c) below *and* (3) satisfy obligations you owe to the Firm as set forth in Section 12 below. Even if your **LTIP PSU** Award has vested, you will have no right to your award if a cancellation event occurs under the circumstances set forth in Section 10(c) below. As Morgan Stanley deems appropriate, Morgan Stanley will require you to provide a written certification or other evidence, from time to time in its sole discretion, to confirm that no cancellation event has occurred, including upon a termination of Employment and/or during a specified period of time prior to the Scheduled Conversion Date. If you fail to timely provide any required certification or other evidence, Morgan Stanley will cancel your award. It is your responsibility to provide the Executive Compensation Department with your up-to-date contact information.

Capitalized terms used in this Award Certificate that are not defined in the text have the meanings set forth in Section 23 below.
Capitalized terms used in this Award

Certificate that are not defined in the text or in Section 23 below have the meanings set forth in the Plan.

1. Performance stock units generally.

Each performance stock unit included in your **LTIP PSU** Award corresponds to one share of Morgan Stanley common stock. A performance stock unit constitutes a contingent and unsecured promise of Morgan Stanley to pay you one share of Morgan Stanley common stock on the conversion date for the unit. As the holder of the **LTIP PSU** Award, you have only the rights of a

general unsecured creditor of Morgan Stanley. You will not be a stockholder with respect to the shares of Morgan Stanley common stock corresponding to your performance stock units unless and until such units convert to shares.

2. Performance measures.¹

The portion, if any, of your **LTIP PSU** Award that you earn will be based on Morgan Stanley performance against the performance measures set forth in this Section 2 and the other terms and conditions of this Award Certificate, and may vary from zero to 1.5 times the number of performance stock units included in the Target Award. [In no event will the aggregate multiplier exceed 1.0 if MS ROTCE (excluding [(excluding any of the specified adjustments)]) over the Performance Period is less than 9%.]

(a) Morgan Stanley's Return on Tangible Common Equity. One-half of the Target Award will be earned based on MS ROTCE. The number of performance stock units that you earn (subject to vesting and the other terms and conditions of your award) based on MS ROTCE will be determined by multiplying the number of performance stock units representing one-half of the Target Award by a multiplier determined as follows:

<u>MS ROTCE</u>	<u>Multiplier</u>
[]% or more	[]
[]%	[]
[]%	[]
Less than []%	0.00

If MS ROTCE is between two thresholds, then the multiplier will be obtained by straight-line interpolation between the two thresholds. If MS ROTCE is less than []%, you will not earn any portion of your **LTIP PSU** Award as a result of the MS ROTCE measure, and one-half of the Target Award will be canceled.

(b) [Relative Total Shareholder Return]/[Relative Return on Tangible Common Equity]. One-half of the Target Award will be earned based on [Morgan Stanley's Total Shareholder Return]/[MS ROTCE] as compared to the [Total Shareholder Return of each member of the Index Group]/[ROTCE of each member of the Comparison Group]. The

¹The performance measures presented in this form of Award Certificate are indicative. The performance measures applicable to awards may vary.

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number of performance stock units that you earn (subject to vesting and the other terms and conditions of your award) based on [Morgan Stanley's TSR as compared to the TSR of the Index Group will be determined by (i) subtracting the Index Group TSR from Morgan Stanley's TSR ("**Relative TSR**") and (ii) [MS ROTCE (excluding (excluding any of the specified adjustments)] over the Performance Period as compared to the ROTCE of each member of the Comparison Group, as reported in each firm's most recently filed Form 10-K (or equivalent annual report) for each fiscal year during the Performance Period ("**Relative ROTCE**") will be determined by] multiplying the number of performance stock units representing one-half of the Target Award by a multiplier determined as follows; *provided that*, in no event shall the

¹The performance measures presented in this form of Award Certificate are indicative. The performance measures applicable to awards may vary.

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Relative TSR multiplier exceed 1.00 if Morgan Stanley's TSR for the Performance Period is negative:]

<u>Relative [TSR]/[ROTCE]</u>	<u>Multiplier</u>
[]% or more	[]
[]%	[]
[]%	[]
Less than []%	0.00

If the Relative [TSR]/[ROTCE] is between the thresholds, then the multiplier will be obtained by straight-line interpolation between the two points.

[In the event that any member of the Comparison Group is involved in any event that results in such member ceasing to be traded on a national exchange at any time during the Performance Period or in the event that the Compensation, Management Development and Succession Committee (the "**Committee**") determines, in its sole discretion, that a change in circumstances of a member of the Comparison Group during the Performance Period would cause the inclusion of such entity in the Comparison Group to no longer be appropriate, including, but not limited to, the disposition of or exit from a material business segment, withdrawal from or entry into a geographical region, or a material change in the entity's business or revenue mix, then, in each case, such entity shall be removed as a member of the Comparison Group.]

(c) Equitable Adjustments. If an event occurs with respect to Morgan Stanley [or a member of the Comparison Group] that renders, in the sole determination of the Committee, any of the performance measures set forth in Section 2(a) or Section 2(b) to no longer be appropriate, then the Committee shall equitably adjust the calculation of such measures, as it deems appropriate in its sole discretion, to maintain the intended economics and to carry out the intent of the original terms of your **LTIP PSU** Award[; provided that, with respect to a member of the Comparison Group's ROTCE, such adjustment shall only be based on publicly reported information.] For example, in the event of any unusual or non-recurring event affecting MS ROTCE [or the ROTCE of a member of the Comparison Group], either positively or negatively, including but not limited to, any gain or loss associated with any acquisition, divestiture or similar event or changes in regulatory regimes, taxation, legislation or accounting principles or accounting standard, the Committee shall make equitable adjustments as it deems appropriate in its sole discretion, to MS ROTCE [or the ROTCE of a

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member of the Comparison Group] and any other provision of your **LTIP PSU** Award. Such events shall not be considered for adjustment unless the pre-tax amount equals or exceeds \$100 million during the applicable fiscal year.

3. **Vesting and conversion.**

(a) Vesting schedule.² Except as otherwise provided in this Award Certificate, you will vest in the portion of your **LTIP PSU** Award that is earned in accordance with Section 2 on the Scheduled Vesting Date. Except as otherwise provided in this Award Certificate, such portion of your **LTIP PSU** Award will vest only if you continue to provide future services to the Firm by remaining in continuous Employment through the Scheduled Vesting Date and providing value added services to the Firm during this timeframe. The special vesting terms set forth in Sections 5, 6 and 7 of this Award Certificate apply (i) if your Employment terminates by reason of your death or Disability, (ii) [upon your Full Career **Retiremen**

² The vesting schedule and vesting date presented in this form of Award Certificate are indicative. The vesting schedule and vesting date applicable to awards may vary.

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[Retirement], (iii) if the Firm terminates your employment in an involuntary termination under the circumstances described in Section 6 or (iv) upon a Governmental Service Termination. Any vested portion of your **LTIP PSU** Award remains subject to the cancellation and withholding provisions set forth in this Award Certificate.

(b) Conversion.³ Except as otherwise provided in this Award Certificate, your **LTIP PSU** Award, to the extent earned and vested, will convert to shares of Morgan Stanley common stock on the Scheduled Conversion Date, with any fractional shares to be distributed in cash.

The special conversion provisions set forth in Sections 5(a), 5(b) and 7 of this Award Certificate apply (i) if your Employment terminates by reason of your death or your death occurs after termination of your Employment or (ii) upon your Governmental Service Termination or your employment at a Governmental Employer following your termination of employment with the Firm under circumstances set forth in Section 7(b).

No portion of your LTIP PSU Award will convert to shares of Morgan Stanley common stock following the end of the Performance Period until the Committee certifies the extent to which the performance criteria set forth in Section 2 have been satisfied.

The shares delivered upon conversion of your LTIP PSU Award pursuant to this Section 3(b) will not be subject to any transfer restrictions, other than those that may arise under the securities laws, the Firm's policies or Section 12 below, or to cancellation under the circumstances set forth in Section 10(c), but will be subject to repayment as set forth in Section 3(c).

(c)Repayment/Recapture. In the event and to the extent the Committee reasonably determines that the performance certified by the Committee, and on the basis of which your LTIP PSU Award was converted to shares of Morgan Stanley common stock, was based

²The vesting schedule and vesting date presented in this form of Award Certificate are indicative. The vesting schedule and vesting date applicable to awards may vary.

³The conversion schedule and conversion date presented in this form of Award Certificate are indicative. The conversion schedule and conversion date applicable to awards may vary.

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on materially inaccurate financial statements or other performance metric criteria, you will be obligated to repay to the Firm:

(1) the number of shares that were delivered upon conversion of your LTIP PSU Award, less the number of shares that would have been delivered had your LTIP PSU Award converted to shares based on accurate financial statements or other performance metric criteria (such number of shares determined in each case by the Committee and before satisfaction of tax or other withholding obligations pursuant to Section 11) (the "**Repayment Shares**"); *provided, however,* that to the extent that any of the Repayment Shares have been transferred, you shall repay to the Firm an amount equal to the number of Repayment Shares so transferred multiplied by the fair market value, determined using a valuation methodology established by Morgan Stanley, of Morgan Stanley common stock on the date your LTIP PSU Award converted to shares of Morgan Stanley common stock; plus

(2) any dividend equivalents that were paid on the Repayment Shares when your LTIP PSU Award converted to shares; plus

(3) interest on the amounts described in the preceding clauses (1) and (2) at the average rate of interest Morgan Stanley paid to borrow money from financial institutions during the period from the date of such conversion through the date preceding the repayment date.

³The conversion schedule and conversion date presented in this form of Award Certificate are indicative. The conversion schedule and conversion date applicable to awards may vary.

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For the avoidance of doubt, your **LTIP PSU** Award will not be deemed earned if payment of such award is based on materially inaccurate financial statements or other performance metric criteria.

(d) Accelerated conversion. Morgan Stanley shall have no right to accelerate the conversion of any portion of your **LTIP PSU** Award or the payment of any of your dividend equivalents, except to the extent that such acceleration is not prohibited by Section 409A and would not result in your being required to recognize income for United States federal income tax purposes before your **LTIP PSU** Award converts to shares of Morgan Stanley common stock or your dividend equivalents are paid or your incurring additional tax or interest under Section 409A. If your **LTIP PSU** Award converts to shares of Morgan Stanley common stock or any dividend equivalents are paid prior to the Scheduled Conversion Date pursuant to this Section 3(d), these shares or dividend equivalents may not be transferable and may remain subject to applicable vesting, cancellation and withholding provisions, as determined by Morgan Stanley.

(e) Rule of construction for timing of conversion. Whenever this Award Certificate provides for your **LTIP PSU** Award to convert to shares, or your dividend equivalents to be paid, on the Scheduled Conversion Date or upon a different specified event or date, such conversion or payment will be considered to have been timely made, and neither you nor any of your beneficiaries or your estate shall have any claim against the Firm for damages based on a delay in conversion of your **LTIP PSU** Award (or delivery of Morgan Stanley

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shares following conversion) or payment of your dividend equivalents, as applicable, and the Firm shall have no liability to you (or to any of your beneficiaries or your estate) in respect of any such delay, as long as conversion or payment, as applicable, is made by December 31st of the year in which occurs the Scheduled Conversion Date or such other specified event or date or, if later, by the 15th day of the third calendar month following such specified event or date, or, in connection with any such conversion due to death, to the extent permissible under Section 409A, by the end of the calendar year following the year of your death. Similarly, neither you nor any of your beneficiaries or your estate shall have any claim against the Firm for damages, and the Firm shall have no liability to you (or to any of your beneficiaries or your estate), based on any acceleration of the conversion of your **LTIP PSU** Award or payment of your dividend equivalents pursuant to Section 3(d), as applicable.

4. **Dividend equivalent payments.**

If Morgan Stanley pays a regular or ordinary dividend on its common stock, you will be credited with a dividend equivalent with respect to your **LTIP PSU** Award to the extent it is outstanding on the dividend record date in an amount equal to the amount of the dividend that would have been paid on a number of shares of Morgan Stanley common stock corresponding to the Target Award. Morgan Stanley will credit the dividend equivalents when it pays the corresponding dividend on its common stock. [Dividend equivalents will accrue interest at the short-term Treasury rate then in effect, compounded monthly, through the Scheduled Conversion Date (or if applicable, such earlier date on which the **LTIP PSU** Award converts to shares of Morgan Stanley common stock).] Your dividend equivalents [(and any related interest)] will vest and be paid in cash at the same time as, and subject to the same vesting and cancellation provisions set forth in this Award Certificate with respect to, your **LTIP PSU** Award (provided that, subject to Section 3(e), the dividend equivalents may be paid following the date on which the **LTIP PSU** Award converts to shares of Morgan Stanley common stock on the next administratively practicable payroll date). The amount of dividend equivalents [(and related interest)] paid to you will be based on the number of performance stock units that actually convert to shares and will be paid only if your **LTIP PSU** Award converts to shares.

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In the event your **LTIP PSU** Award is canceled in full on or before the Scheduled Conversion Date, all dividend equivalents [(and related interest)] credited to you in respect of regular or ordinary dividends will be canceled. No dividend equivalents will be paid to you on any portion of your **LTIP PSU** Award that is canceled.

The decision to pay a dividend and, if so, the amount of any such dividend, is determined by Morgan Stanley in its sole discretion.

5. **Death, Disability [and Full Career Retirement].**

The following special earning, vesting and payment terms apply to your **LTIP PSU** Award:

(a) Death during Employment. If your death occurs while Employed, then the number of performance stock units that will vest, and the number of shares of Morgan

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Stanley common stock the beneficiary you have designated pursuant to Section 14 or the legal representative of your estate, as applicable, will receive as of the date of your death, will be the number of shares earned based on the performance measures set forth in Section 2 but applied as though the Performance Period ended with the last Morgan Stanley quarter ending simultaneously with or before the date of your death, for which the respective Form 10-K or Form 10-Q has been filed with the Securities and Exchange Commission ("**SEC**") as of the date of your death, *provided* that your beneficiary or estate notifies the Firm of your death within 60 days following your death; *provided further*, that if your death occurs on or following the Scheduled Vesting Date, then your beneficiary or estate, as applicable, will receive shares (if any) in an amount and at such time that you would have received such shares had your death not occurred; *provided further*, if your death occurs prior to the filing of the Form 10-K for the first year of the Performance Period, then your beneficiary or estate, as applicable, will receive as of the date of your death a number of shares determined by multiplying the number of shares earned based on a 1.0x multiplier. For example, if your death occurs following the end of Morgan Stanley's third quarter (but prior to the end of the fourth quarter) of the second year of the Performance Period and the Form 10-Q has not been filed with the SEC by Morgan Stanley for such quarter, the performance measures will be applied as though the Performance Period ended with Morgan Stanley's second quarter (*provided* Morgan Stanley has filed the Form 10-Q for such quarter with the SEC).

After your death, the cancellation provisions set forth in Section 10(c) will no longer apply. The shares delivered upon conversion of your **LTIP PSU** Award pursuant to this Section 5(a) will not be subject to any transfer restrictions (other than those that may arise under the securities laws or the Firm's policies) but will be subject to repayment as set forth in Section 3(c).

(b) Death after termination of Employment. If your death occurs following your termination of Employment as a result of your Disability, [Full Career Retirement] or an involuntary termination not involving any cancellation event and your **LTIP PSU** Award was not canceled in connection with your termination or thereafter, then the number of performance stock units that will vest, and the number of shares of Morgan Stanley common stock the beneficiary you have designated pursuant to Section 14 or the legal representative of your estate, as applicable, will receive as of the date of your death, will be the number of shares that would have been delivered to you based on applying the performance measures set forth in Section 2 as though the Performance Period ended with the last Morgan Stanley quarter ending simultaneously with or before the date of your death for which the respective Form 10-K or Form 10-Q has been filed with the SEC as of the date of your death and if applicable, multiplied by the Pro Ration Fraction determined upon your termination of Employment,

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provided that your beneficiary or estate notifies the Firm of your death within 60 days following your death; *provided further*, that if your death occurs on or following the Scheduled Vesting Date, then your beneficiary or estate, as applicable, will receive shares (if any) in an amount and at such time that you would have received such shares had your death not occurred; *provided further*, that if your death occurs prior to the filing of the

Form 10-K for the first year of the Performance Period, then your beneficiary or estate, as applicable, will receive as of the date of your death, a number of shares earned based on a 1.0x multiplier and

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if applicable, multiplied by the Pro Ration Fraction determined upon your termination of Employment.

After your death, the cancellation provisions set forth in Section 10(c) will no longer apply. The shares delivered upon conversion of your LTIP PSU Award pursuant to this Section 5(b) will not be subject to any transfer restrictions (other than those that may arise under the securities laws or the Firm's policies) but will be subject to repayment as set forth in Section 3(c).

(c) Disability. If your Employment terminates due to Disability, then, subject to any transfer restrictions and the cancellation provisions described herein, you will vest in a number of performance stock units, and receive a number of shares of Morgan Stanley common stock on the Scheduled Conversion Date, determined based on the performance measures described in Section 2, had you remained in Employment through the Scheduled Conversion Date. The cancellation and withholding provisions set forth in this Award Certificate will continue to apply until the Scheduled Conversion Date.

(d) Full Career Retirement.⁴

(1) If your Employment terminates in a termination that satisfies the definition of Full Career Retirement, and other than due to your death or Governmental Service Termination, then subject to any transfer restrictions and the cancellation provisions described herein, and provided that, in the event of an involuntary termination, you sign an agreement and release satisfactory to the Firm, you will vest in a number of performance stock units, and receive a number of shares of Morgan Stanley common stock on the Scheduled Conversion Date, equal to the number of shares that would have been delivered to you, based on the performance measures set forth in Section 2, had you remained in Employment through the Scheduled Conversion Date. The cancellation and withholding provisions set forth in this Award Certificate will continue to apply until the Scheduled Conversion Date.

(2) If your Employment terminates due to your Governmental Service Termination and such termination satisfies the definition of a Full Career Retirement, then the number of performance stock units that will vest, and the number of shares of Morgan Stanley common stock you will receive as of the date of your Governmental Service Termination will be the number of shares of Morgan Stanley common stock earned based on the performance measures set forth in Section 2 but applied as though the Performance Period ended with the last Morgan Stanley quarter ending simultaneously with or before the date of your Governmental Service Termination for which the respective Form 10-K or Form 10-Q has been filed with the SEC as of such date; *provided that*, if your Governmental Service Termination occurs prior to the filing of the Form 10-K for the first year of the Performance Period, then you will receive as of the date of your termination, the number of shares earned based on a 1.0x multiplier; *provided further*, in the case of a Governmental Service

⁴Certain awards may not include a provision for Full Career Retirement.

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Termination, this Section 5(d)(2) shall apply only if you sign an agreement satisfactory to the Firm relating to your obligations pursuant to Section 7(c).]

6. Involuntary termination by the Firm.^s

If the Firm terminates your employment under circumstances not involving any cancellation event set forth in Section 10(c) and you sign an agreement and release satisfactory to the Firm, then, subject to any transfer restrictions and the cancellation provisions described herein, you will vest in a number of performance stock units, and receive a number of shares of Morgan Stanley common stock on the Scheduled Conversion Date, determined by multiplying (i) the number of shares that would have been delivered to you, based on the performance measures set forth in Section 2, had you remained in Employment through the Scheduled Conversion Date, by (ii) the Pro Ration Fraction. If you do not sign such an agreement and release satisfactory to the Firm within the timeframe set by the Firm in connection with your involuntary termination as described in this Section 6, any portion of your LTIP PSU Award that was unvested immediately prior to your termination shall be canceled. The cancellation and withholding provisions set forth in this Award Certificate will continue to apply until the Scheduled Conversion Date.

7. Governmental Service.

(a)General treatment of awards upon Governmental Service Termination. If your Employment terminates in a Governmental Service Termination and not involving a cancellation event set forth in Section 10(c), then provided that you sign an agreement satisfactory to the Firm relating to your obligations pursuant to Section 7(c), you will vest in a number of performance stock units, and receive as of the date of your Governmental Service Termination a number of shares of Morgan Stanley common stock, determined by multiplying (i) the number of shares earned based on the performance measures set forth in Section 2 but applied as though the Performance Period ended with the last Morgan Stanley quarter ending simultaneously with or before the effective date of your Governmental Service Termination, for which the respective Form 10-K or Form 10-Q has been filed with the SEC as of the date of your Governmental Service Termination by (ii) the Pro Ration Fraction; *provided that*, if your Governmental Service Termination occurs prior to the filing of the Form 10-K for the first year of the Performance Period, then you will receive as of the date of your Governmental Service Termination a number of shares determined by multiplying (i) the number of shares earned based on a 1.0x multiplier by (ii) the Pro Ration Fraction.

(b)General treatment of vested awards upon acceptance of employment at a Governmental Employer following termination of Employment. If (i) your Employment terminates other than in a Governmental Service Termination and not involving a cancellation

^sTreatment upon an involuntary termination of employment presented in this form Award Certificate is indicative and may vary between awards.

event set forth in Section 10(c), (ii) your LTIP PSU Award was not canceled in connection with your termination or thereafter, (iii) following your termination of Employment, you accept employment with a Governmental Employer, and (iv) you present the Firm with satisfactory evidence demonstrating that as a result of such employment the divestiture of your continued interest in Morgan Stanley equity awards or continued ownership of Morgan Stanley common stock is reasonably necessary to avoid the violation of U.S. federal, state or local or foreign ethics law or conflicts of interest law applicable to you at such Governmental Employer, then, *provided* that you sign an agreement satisfactory to the Firm relating to your obligations pursuant to Section 7(c), you will receive, upon your commencement of employment with such Governmental Employer,

the number of shares determined based on the number of shares of Morgan Stanley common stock earned based on the performance measures set forth in Section 2 but applied as though the Performance Period ended with the last Morgan Stanley

⁵Treatment upon an involuntary termination of employment presented in this form Award Certificate is indicative and may vary between awards.

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quarter ending simultaneously with or before your acceptance of employment at a Governmental Employer, for which the respective Form 10-K or Form 10-Q has been filed with the SEC as of such date and, if applicable, multiplied by the Pro Ration Fraction determined upon your termination of Employment; *provided that*, if your acceptance of employment at a Governmental Employer occurs prior to the filing of the Form 10-K for the first year of the Performance Period, then you will receive, upon your commencement of employment with a Governmental Employer, the number of shares determined based on a 1.0x multiplier and if applicable, multiplied by the Pro Ration Fraction determined upon your termination of Employment.

(c) Repayment obligation. Shares delivered upon conversion of your LTIP PSU Award pursuant to Section [5(d)(2) (upon a Governmental Service Termination that satisfies the definition of a Full Career Retirement),] 7(a) or 7(b) will not be subject to any transfer restrictions (other than those that may arise under the securities laws or the Firm's policies) but will be subject to repayment as set forth in Section 3(c). Moreover, if you engage in any activity constituting a cancellation event set forth in Section 10(c) within the applicable period of time that would have resulted in cancellation of all or a portion of your LTIP PSU Award had it not converted to shares pursuant to Section 5(d)(2), 7(a) or 7(b), you will be required to pay to Morgan Stanley an amount equal to:

(1) the number of performance stock units that would have been canceled upon the occurrence of such cancellation event multiplied by the fair market value, determined using a valuation methodology established by Morgan Stanley, of Morgan Stanley common stock on the date your LTIP PSU Award converted to shares of Morgan Stanley common stock; plus

(2) any dividend equivalents that were paid to you on the number of performance stock units described in the foregoing clause (1) when your LTIP PSU Award converted to shares pursuant to Section 5(d)(2), 7(a) or 7(b); plus

(3) interest on the amounts described in the preceding clauses (1) and (2) at the average rate of interest Morgan Stanley paid to borrow money from financial

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institutions during the period from the date of such conversion through the date preceding the payment date.

8. Change in Control.

In the event of a Change in Control, you will receive on the Scheduled Conversion Date (subject to earlier payment as described in Section 5 upon death and in Section 7 in connection with "Governmental Service" and subject to any transfer restrictions and the cancellation provisions set forth herein) the number of shares earned based on the performance measures in Section 2 but applied as though the Performance Period ended with the last quarter of Morgan Stanley ending simultaneously with or before the effective date of the Change in Control; *provided, however*, that no such payment shall be made if your Employment terminates following the Change in Control, but prior to the Scheduled Vesting

Date, for any reason other than for death, Disability, [Full Career Retirement,] Governmental Service Termination or an involuntary termination not involving any cancellation event. For the avoidance of doubt, following a Change in Control, the provisions of this Award Certificate setting forth the consequences of a termination of employment shall continue to apply (including all provisions governing the timing of payment), except that whenever this Award Certificate provides for you to receive upon or following a termination of employment a number of shares determined by applying the Pro Ration Fraction, the Pro Ration Fraction shall be applied to the number of shares calculated pursuant to the immediately preceding sentence (e.g., applying the

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performance measures described herein as though the Performance Period ended with the last quarter of Morgan Stanley ending simultaneously with or before the effective date of the Change in Control).

9. Specified employees.

Notwithstanding any other terms of this Award Certificate, if Morgan Stanley considers you to be one of its “specified employees” as defined in Section 409A at the time of your Separation from Service, any conversion of your **LTIP PSU** Award and payment of your accrued dividend equivalents that otherwise would occur upon your Separation from Service will be delayed until the first business day following the date that is six months after your Separation from Service; *provided, however*, that in the event that your death, your Governmental Service Termination or your employment at a Governmental Employer following your termination of employment with the Firm under circumstances set forth in Section 7(b) occurs at any time after the Date of the Award, conversion and payment will be made in accordance with Section 5 or 7, as applicable.

10. Cancellation of awards under certain circumstances.

(a) Cancellation of unvested awards. Your unvested **LTIP PSU** Award, including any dividend equivalents credited on your award, will be canceled if your Employment terminates for any reason other than death, Disability, [a Full Career Retirement],

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an involuntary termination by the Firm described in Section 6 or a Governmental Service Termination.

(b) General treatment of vested awards. Except as otherwise provided in this Award Certificate, your **LTIP PSU** Award, to the extent earned and vested, including any dividend equivalents credited on your award, will convert to shares of Morgan Stanley common stock or be paid, as applicable, on the Scheduled Conversion Date. The cancellation and withholding provisions set forth in this Award Certificate will continue to apply until the Scheduled Conversion Date.

(c) Cancellation of awards under certain circumstances.⁶ The cancellation events set forth in this Section 10(c) are designed, among other things, to incentivize compliance with the Firm’s policies (including the Code of Conduct), to protect the Firm’s interests in non-public, confidential and/or proprietary information, products, trade secrets, customer relationships, and other legitimate business interests, and to ensure an orderly transition of responsibilities. This Section 10(c) shall apply notwithstanding any other terms of this Award Certificate (except where sections in this Award Certificate specifically provide that the cancellation events set forth in this Section 10(c) no longer apply).

Notwithstanding Morgan Stanley’s performance based on the measures set forth in Section 2 or your satisfaction of the vesting conditions of this Award Certificate, no portion of your **LTIP PSU** Award (and any dividend equivalents credited thereon) is earned until the

Scheduled Conversion Date (and until you satisfy all obligations you owe to the Firm as set forth in Section 12 below) and, unless prohibited by applicable law, your LTIP PSU Award will be canceled prior to the Scheduled Conversion Date [in full or in part, as determined by the Committee in its sole discretion,] in any of the circumstances set forth below in this Section 10(c). Although you will become the beneficial owner of shares of Morgan Stanley common stock following conversion of your LTIP PSU Award, the Firm may retain custody of your shares following conversion of your PSU Award (and any dividend equivalents credited thereon) and the lapse of any transfer restrictions pending any investigation or other review that impacts the determination as to whether the PSU Award (and any dividend equivalents credited thereon) are cancellable under the circumstances set forth below and, in such an instance, the shares underlying your PSU Award (and any dividend equivalents credited thereon) shall be forfeited in the event the Firm determines that the PSU Award (and any dividend equivalents credited thereon) were cancellable.

(1) Competitive Activity. If you [resign from Employment and] engage in Competitive Activity before the Scheduled Conversion Date, your PSU Award, including any dividend equivalents credited on your award, whether or not vested and irrespective of Morgan Stanley's performance based on the measures set forth in Section

⁶ The cancellation provisions presented in Section 11(c) of this form of Award Certificate and any corresponding definitions are indicative. The cancellation provisions and corresponding definitions applicable to awards may vary.

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LTIP Award (and any dividend equivalents credited thereon) and the lapse of any transfer restrictions pending any investigation or other review that impacts the determination as to whether the LTIP Award (and any dividend equivalents credited thereon) are cancellable under the circumstances set forth below and, in such an instance, the shares underlying your LTIP Award (and any dividend equivalents credited thereon) shall be forfeited in the event the Firm determines that the LTIP Award (and any dividend equivalents credited thereon) were cancellable.

(1) Competitive Activity. If you [resign from Employment and] engage in Competitive Activity before the Scheduled Conversion Date, your LTIP Award, including any dividend equivalents credited on your award, whether or not vested and irrespective of Morgan Stanley's performance based on the measures set forth in Section 2, will be canceled [in full or in part, as determined by the Committee in its sole discretion], subject to applicable law.

(2) Other Events. If any of the following events occur at any time before the Scheduled Conversion Date, your LTIP PSU Award, including any dividend equivalents credited on your award, whether or not vested and irrespective of Morgan Stanley's performance based on the measures set forth in Section 2, will be canceled [in full or in part, as determined by the Committee in its sole discretion], subject to applicable law:

- (i) Your Employment is terminated for Cause or you engage in conduct constituting Cause (either during or following Employment and whether or not your Employment has been terminated as of the Scheduled Conversion Date);
- (ii) Following the termination of your Employment, the Firm determines that your Employment could have been terminated for Cause;
- (iii) You disclose Confidential and Proprietary Information to any unauthorized person outside the Firm, or use or attempt to use Confidential and Proprietary Information other than in connection with the business of the Firm; or you fail to comply with your obligations (either during or after your Employment) under the Firm's Code of Conduct (and any applicable supplements) or otherwise existing between you and the Firm, relating to Confidential and Proprietary Information or an assignment, procurement or enforcement of rights in Confidential and Proprietary Information;
- (iv) You engage in a Wrongful Solicitation;
- (v) You make any Unauthorized Disclosures or Defamatory or Disparaging Comments about the Firm;

(vi) You fail or refuse, following your termination of Employment, to cooperate with or assist the Firm in a timely manner in connection with any investigation, regulatory matter, lawsuit or arbitration in which the Firm is a subject, target or party and as to which you may have pertinent information; or

(vii) You resign from your employment with the Firm without having provided the Firm prior written notice of your resignation consistent with the notice period requirements undertaken by you in connection with your employment offer letter, Sign-On or Notice & Non-Solicitation Agreement or any

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other contractual obligation in connection with the terms and conditions of your employment, or, in the event no such prior contractual notice period requirements exist, you resign from your employment with the Firm without having provided the Firm prior written notice of your resignation of at least thirty (30) days.

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(3) Clawback Cancellation Events[Clawback].

(i) Your LTIP PSU Award, including any dividend equivalents credited on your award, whether or not vested and irrespective of Morgan Stanley's performance based on the measures set forth in Section 2, will be canceled in full[or in the case of clause (c) below, in full] or in part, subject to applicable law and as determined by the Committee in its sole discretion, if before the Scheduled Conversion Date, you take any action, or you fail to take any action (including with respect to direct supervisory responsibilities), where such action or omission:

(a) causes a restatement of the Firm's consolidated financial results;

(b) constitutes a violation by you of the Firm's Global Risk Management Principles, Policies and Standards (where prior authorization and approval of appropriate senior management was not obtained) whether such action results in a favorable or unfavorable impact to the Firm's consolidated financial results; or

(c) causes a loss in the current year on a trade or transaction originating in the current year or in any prior year for which revenue was recognized and which was a factor in your award determination, and violated internal control policies that resulted from your:

(1) • violation of business unit, product or desk specific risk parameters;

(2) • use of an incorrect valuation model, method, or inputs for transactions subject to the "STAR" approval process;

(3) • failure to perform appropriate due diligence prior to a trade or transaction or failure to provide critical information known at the time of the transaction that might negatively affect the valuation of the transaction;
or

- (4) failure to timely monitor or escalate to management a loss position pursuant to applicable policies and procedures; or

In the event that the Firm determines, in its sole discretion, that your action or omission is as described in clause (c) and you do not engage in any other cancellation or clawback event described in this Section 10(c), the Target Award

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will be reduced by a fraction, the numerator of which is the amount of the pre-tax

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loss, and the denominator of which is the total revenue originally recognized by the Firm which was a factor in your award determination.

(ii) Your **LTIP PSU** Award, including any dividend equivalents credited on your award, whether or not vested and irrespective of Morgan Stanley's performance based on the measures set forth in Section 2, may be canceled, in full or in part, if the Committee determines, in its sole discretion, that at any time before the Scheduled Conversion Date you had significant responsibility for a material adverse outcome for the Firm or any of its businesses or functions. For purposes of this provision, a "material adverse outcome" for the Firm shall be defined as an annual pre-tax loss for Morgan Stanley as reported in the most recently filed Form 10-K, adjusted to eliminate the impact of changes to an individual, or application of a new, accounting rule that are not applied on a full retrospective basis in the year of adoption and result in a cumulative catch-up adjustment (recorded either as a gain or a loss) in the applicable fiscal year. The Committee shall have the sole authority to interpret this provision and its determinations shall be final and binding on all persons.

(iii) [Any incentive-based compensation you receive from the Firm (including, without limitation, your **LTIP PSU** Award, any dividend equivalents credited on such award, whether or not vested, and any amounts or benefits arising from such award) will be subject to any clawback or recoupment policies, procedures, or arrangements adopted by Morgan Stanley to comply with Section 10D of the Securities Exchange Act of 1934, as amended, and any rules promulgated thereunder and/or any other regulatory regimes, as such policies, procedures and arrangements may be amended from time to time and for such time as those policies, procedures and arrangements are required to remain in effect pursuant to applicable law or rules. Notwithstanding anything to the contrary contained herein, your **LTIP PSU** Award (including any amounts or benefits arising from such award) shall also be subject to any clawback or recoupment arrangements, policies or procedures that the Firm has in place from time to time. The Firm may, to the extent permitted, and shall, to the extent required, by applicable law and rules or by any Firm policy, procedure or arrangement cancel or require reimbursement of your incentive-based compensation (including, without limitation, your **LTIP PSU** Award, any dividend equivalents credited on such award, whether or not vested, and any amounts or benefits received upon vesting, conversion or settlement of such award or sale of shares of Morgan Stanley common stock underlying such award.)

11. **Tax and other withholding obligations.**

Any vesting, whether on a Scheduled Vesting Date or some other date, of your **LTIP PSU** Award (including dividend equivalents that have been credited in respect of your award), and any conversion of your **LTIP PSU** Award or crediting or payment of dividend equivalents, shall be

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subject to the Firm's withholding of all required United States federal, state, local and foreign income and employment/payroll taxes (including Federal Insurance Contributions Act taxes). You authorize the Firm to withhold such taxes from any payroll or other payment or compensation to you, including by canceling or accelerating payment of a portion of this award (including any dividend equivalents that have been credited on your LTIP PSU Award) in an amount not to exceed such taxes imposed upon such vesting, conversion, crediting or payment and any additional taxes imposed as a result of such cancellation or acceleration, and to take such other action as the Firm may deem advisable to enable it and you to satisfy obligations for the payment of withholding taxes and other tax obligations, assessments, or other governmental charges,

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whether of the United States or any other jurisdiction, relating to the vesting or conversion of your LTIP PSU Award or the crediting, vesting or payment of dividend equivalents. However, the Firm may not deduct or withhold such sum from any payroll or any other payment or compensation (including from your LTIP PSU Award), except to the extent it is not prohibited by Section 409A and would not cause you to recognize income for United States federal income tax purposes before conversion of your LTIP PSU Award or your dividend equivalents are paid or to incur interest or additional tax under Section 409A.

Pursuant to rules and procedures that Morgan Stanley establishes, you may elect to satisfy the tax or other withholding obligations arising upon conversion of your LTIP PSU Award by having Morgan Stanley withhold shares of Morgan Stanley common stock in an amount sufficient to satisfy the tax or other withholding obligations. Shares withheld will be valued using the fair market value of Morgan Stanley common stock on the date your LTIP PSU Award converts (or such other appropriate date determined by Morgan Stanley based on local legal, tax or accounting rules and practices) using a valuation methodology established by Morgan Stanley. In order to comply with applicable accounting standards or the Firm's policies in effect from time to time, Morgan Stanley may limit the amount of shares that you may have withheld.

12. Obligations you owe to the Firm.

As a condition to the earning, payment, conversion or distribution of your award, the Firm may require you to pay such sum to the Firm as may be necessary to satisfy any obligation that you owe to the Firm. Notwithstanding any other provision of this Award Certificate, your award, even if vested, converted or paid, is not earned until after such obligations and any tax withholdings or other deductions required by law are satisfied. Notwithstanding the foregoing, Morgan Stanley may not reduce the number of shares to be delivered upon conversion of your LTIP PSU Award or the amount of dividend equivalents to be paid in respect of your award or delay the payment of your award to satisfy obligations that you owe to the Firm except (i) to the extent authorized under Section 11, relating to tax and other withholding obligations or (ii) to the extent such reduction or delay is not prohibited by Section 409A and would not cause you to recognize income for United States federal income tax purposes before your LTIP PSU Award converts to shares of Morgan Stanley common stock (or your dividend equivalents are paid) or to incur additional tax or interest under Section 409A.

Morgan Stanley's determination of any amount that you owe the Firm shall be conclusive. The fair market value of Morgan Stanley common stock for purposes of the

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foregoing provisions shall be determined using a valuation methodology established by Morgan Stanley.

13. Nontransferability.

You may not sell, pledge, hypothecate, assign or otherwise transfer your award, other than as provided in Section 14 (which allows you to designate a beneficiary or beneficiaries in the event of your death) or by will or the laws of descent and distribution. This prohibition includes any assignment or other transfer that purports to occur by operation of law or otherwise. During your lifetime, payments relating to your award will be made only to you.

Your personal representatives, heirs, legatees, beneficiaries, successors and assigns, and those of Morgan Stanley, shall all be bound by, and shall benefit from, the terms and conditions of your award.

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14. Designation of a beneficiary.

You may make a written designation of beneficiary or beneficiaries to receive all or part of your award to be delivered or paid under this Award Certificate in the event of your death. To make a beneficiary designation, you must complete and submit the Beneficiary Designation form on the Executive Compensation website.

Any shares or dividend equivalents that become deliverable upon your death, and as to which a designation of beneficiary is not in effect, will be distributed to your estate.

If you previously filed a designation of beneficiary form for your equity awards with the Executive Compensation Department, such form will also apply to all of your equity awards, including this award. You may replace or revoke your beneficiary designation at any time. If there is any question as to the legal right of any beneficiary to receive shares or payments under this award, Morgan Stanley may determine in its sole discretion to deliver the shares or make the payments in question to your estate. Morgan Stanley's determination shall be binding and conclusive on all persons and it will have no further liability to anyone with respect to this award.

15. Ownership and possession.

(a)Before conversion. Generally, you will not have any rights as a stockholder in the shares of Morgan Stanley common stock corresponding to your LTIP PSU Award unless and until your LTIP PSU Award converts to shares. Without limiting the generality of the preceding sentence, you will not have any voting rights with respect to shares corresponding to your LTIP PSU Award until your LTIP PSU Award converts to shares.

(b)Following conversion. Subject to Sections 3(c) and 10(c), following conversion of your LTIP PSU Award you will be the beneficial owner of the shares of Morgan Stanley common stock issued to you, and you will be entitled to all rights of ownership,

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including voting rights and the right to receive cash or stock dividends or other distributions paid on the shares.

(c)Custody of shares. Morgan Stanley may maintain possession of the shares subject to your award until such time as your shares are no longer subject to restrictions on transfer.

16. Securities law compliance matters.

Morgan Stanley may affix a legend to any stock certificates representing shares of Morgan Stanley common stock issued upon conversion of your **LTIP PSU** Award (and any stock certificates that may subsequently be issued in substitution for the original certificates). The legend will read substantially as follows:

THE SHARES REPRESENTED BY THIS STOCK CERTIFICATE WERE ISSUED PURSUANT TO THE MORGAN STANLEY EQUITY INCENTIVE COMPENSATION PLAN AND ARE SUBJECT TO THE TERMS AND CONDITIONS THEREOF AND OF AN AWARD CERTIFICATE FOR **LONG-TERM INCENTIVE PROGRAM PERFORMANCE STOCK UNIT AWARDS AND ANY SUPPLEMENT THERETO.**

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THE SECURITIES REPRESENTED BY THIS STOCK CERTIFICATE MAY BE SUBJECT TO RESTRICTIONS ON TRANSFER BY VIRTUE OF THE SECURITIES ACT OF 1933.

COPIES OF THE PLAN, THE AWARD CERTIFICATE FOR **LONG-TERM INCENTIVE PROGRAM PERFORMANCE STOCK UNIT AWARDS AND ANY SUPPLEMENT THERETO ARE AVAILABLE THROUGH THE EXECUTIVE COMPENSATION DEPARTMENT.**

Morgan Stanley may advise the transfer agent to place a stop order against such shares if it determines that such an order is necessary or advisable.

17. Compliance with laws and regulation.

Any sale, assignment, transfer, pledge, mortgage, encumbrance or other disposition of shares issued upon conversion of your **LTIP PSU** Award (whether directly or indirectly, whether or not for value, and whether or not voluntary) must be made in compliance with any applicable constitution, rule, regulation or policy of any of the exchanges or associations or other institutions with which the Firm or a Related Employer has membership or other privileges, and any applicable law or applicable rule or regulation of any governmental agency, self-regulatory organization or state or federal regulatory body.

18. No entitlements.

(a) No right to continued Employment. This award is not an employment agreement, and nothing in this Award Certificate, the International Supplement, if applicable,

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or the Plan shall alter your status as an “at-will” employee of the Firm or your employment status at a Related Employer. None of this Award Certificate, the International Supplement, if applicable, or the Plan shall be construed as guaranteeing your employment by the Firm or a Related

Employer, or as giving you any right to continue in the employ of the Firm or a Related Employer, during any period (including without limitation the period between the Date of the Award and any of the Scheduled Vesting Date, the Scheduled Conversion Date, or any portion of any of these periods), nor shall they be construed as giving you any right to be reemployed by the Firm or a Related Employer following any termination of Employment.

(b) No right to future awards. This award, and all other LTIP PSU Awards and other equity-based awards, are discretionary. This award does not confer on you any right or entitlement to receive another LTIP PSU Award or any other equity-based award at any time in the future or in respect of any future period.

(c) No effect on future employment compensation. Morgan Stanley has made this award to you in its sole discretion. This award does not confer on you any right or entitlement to receive compensation in any specific amount for any future year, and does not diminish in any way the Firm's discretion to determine the amount, if any, of your compensation. This award is not part of your base salary or wages and will not be taken into account in determining any other employment-related rights you may have, such as rights to pension or severance pay.

(d) Award terms control. In the event of any conflict between any terms applicable to equity awards in any employment agreement, offer letter or other arrangement that you have entered into with the Firm and the terms set forth in this Award Certificate, the latter shall control.

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19. Consents under local law.

Your award is conditioned upon the making of all filings and the receipt of all consents or authorizations required to comply with, or required to be obtained under, applicable local law.

20. Award modification.

Morgan Stanley reserves the right to modify or amend unilaterally the terms and conditions of your award, without first asking your consent, or to waive any terms and conditions that operate in favor of Morgan Stanley. These amendments may include (but are not limited to) changes that Morgan Stanley considers necessary or advisable as a result of changes in any, or the adoption of any new, Legal Requirement. Morgan Stanley may not modify your award in a manner that would materially impair your rights in your award without your consent; *provided, however,* that Morgan Stanley may, but is not required to, without your consent and in its sole discretion, (i) amend or modify your award in any manner that Morgan Stanley considers necessary or advisable to (i) comply with any Legal Requirement, (ii) ensure that your award does not result in an excise or other supplemental tax on the Firm under any Legal Requirement, or (iii) ensure that your award is not subject to United States federal, state or local income tax or any equivalent

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taxes in territories outside the United States prior to conversion of your LTIP PSU Award to shares or delivery of such shares following conversion or the crediting or payment of dividend equivalents. equivalents, [or (ii) amend, modify or supplement the terms of your award in the event any provision of the award fails to comply with or results in adverse consequences to the Firm under any Legal Requirement (including, without limitation, restrictions on the Firm's ability to fully enforce any cancellation provision of the award), provided that that the Firm will maintain to the maximum extent practicable the original intent of the applicable award provision without violating any Legal Requirement]. Morgan Stanley will notify you of any amendment of your award that affects your rights. Any amendment or waiver of a provision of this Award Certificate (other than any amendment or waiver applicable to all recipients generally), which amendment or waiver operates in your favor or confers a benefit on you, must be in writing and signed by the Chief Human Resources Officer (or if such position no longer exists, by the holder of an equivalent position) to be effective.

21. Governing law and exclusive jurisdiction.

This Award Certificate and all rights hereunder shall be governed by, and construed and enforced in accordance with the laws of the State of New York, without regard to any conflicts or choice of law, rule or principle that might otherwise refer the interpretation of the award to the substantive or procedural law of another jurisdiction. Unless you are bound by an arbitration agreement with Morgan Stanley (or its parents, subsidiaries, affiliates, predecessors, successors or assigns) covering any dispute arising out of or in any way connected with the Plan or this Award Certificate, your participation in the Plan or rights under the Plan or this Award Certificate, the United States District Court for the Southern District of New York shall have exclusive jurisdiction over any such dispute or, if the United States District Court for the Southern District of New York does not have subject matter jurisdiction, the Supreme Court for the State of New York, New York County shall have exclusive jurisdiction.

22. Severability.

The provisions set forth herein shall be severable and, if any provision of this Award Certificate shall be determined to be legally unenforceable or void, such unenforceable or void provision shall not affect the legality, validity or enforceability of the remaining provisions hereof and may be severed from the remaining provisions as appropriate, to the extent permitted by law. If a tribunal of competent jurisdiction determines that a particular provision set forth herein is invalid, unenforceable, or void under the applicable law in a particular jurisdiction, such provision will not be enforced in that jurisdiction, but shall remain effective and enforceable in all other jurisdictions.

23. Defined terms.

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For purposes of this Award Certificate, the following terms shall have the meanings set forth below:

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(a) “**Board**” means the Board of Directors of Morgan Stanley.

(b) “**Cause**” means:

(1) any act or omission which constitutes a breach of your obligations to the Firm, including, without limitation, (A) your failure to comply with any notice or non-solicitation restrictions that may be applicable to you or (B) your failure to comply with the Firm’s policies or compliance, ethics or risk management standards, or your failure or refusal to perform satisfactorily any duties reasonably required of you;

(2) your commission of any dishonest or fraudulent act, or any other act or omission, which has caused or may reasonably be expected to cause injury to the interest or business reputation of the Firm; or

(3) your violation of any securities, commodities or banking laws, any rules or regulations issued pursuant to such laws, or rules or regulations of any securities or commodities exchange or association of which the Firm is a member or of any policy of the Firm relating to compliance with any of the foregoing;

provided, that an act or omission shall constitute “Cause” for purposes of this definition if the Firm determines, in its sole discretion, that such action or omission is described in Section 10(c)(3)(c) and is deliberate, intentional or willful.

(c) A “**Change in Control**” shall be deemed to have occurred if any of the following conditions shall have been satisfied:

(1) any one person or more than one person acting as a group (as determined under Section 409A), other than (A) any employee plan established by Morgan Stanley or any of its Subsidiaries, (B) Morgan Stanley or any of its affiliates (as defined in Rule 12b-2 promulgated under the Exchange Act), (C) an underwriter temporarily holding securities pursuant to an offering of such securities, or (D) a

corporation owned, directly or indirectly, by stockholders of Morgan Stanley in substantially the same proportions as their ownership of Morgan Stanley, is or becomes, during any 12-month period, the beneficial owner, directly or indirectly, of securities of Morgan Stanley (not including in the securities beneficially owned by such person(s) any securities acquired directly from Morgan Stanley or its affiliates other than in connection with the acquisition by Morgan Stanley or its affiliates of a business) representing 50% or more of the total voting power of the stock of Morgan Stanley; *provided, however*, that the provisions of this subsection (1) are not intended to apply to or include as a Change in Control any transaction that is specifically excepted from the definition of Change in Control under subsection (3) below;

(2) a change in the composition of the Board such that, during any 12-month period, the individuals who, as of the beginning of such period, constitute the Board (the “**Existing Board**”) cease for any reason to constitute at least 50% of the Board; *provided, however*, that any individual becoming a member of the Board

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subsequent to the beginning of such period whose election, or nomination for election by Morgan Stanley's stockholders, was approved by a vote of at least a majority of the directors immediately prior to the date of such appointment or election shall be considered as though such individual were a member of the Existing Board;

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(3) the consummation of a merger or consolidation of Morgan Stanley with any other corporation or other entity, or the issuance of voting securities in connection with a merger or consolidation of Morgan Stanley (or any direct or indirect subsidiary of Morgan Stanley) pursuant to applicable stock exchange requirements; *provided* that immediately following such merger or consolidation the voting securities of Morgan Stanley outstanding immediately prior thereto do not continue to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity of such merger or consolidation or parent entity thereof) 50% or more of the total voting power of Morgan Stanley stock (or if Morgan Stanley is not the surviving entity of such merger or consolidation, 50% or more of the total voting power of the stock of such surviving entity or parent entity thereof); and *provided* further that a merger or consolidation effected to implement a recapitalization of Morgan Stanley (or similar transaction) in which no person (as determined under Section 409A) is or becomes the beneficial owner, directly or indirectly, of securities of Morgan Stanley (not including in the securities beneficially owned by such person any securities acquired directly from Morgan Stanley or its affiliates other than in connection with the acquisition by Morgan Stanley or its affiliates of a business) representing 50% or more of either the then outstanding shares of Morgan Stanley common stock or the combined voting power of Morgan Stanley's then outstanding voting securities shall not be considered a Change in Control; or

(4) the complete liquidation of Morgan Stanley or the sale or disposition by Morgan Stanley of all or substantially all of Morgan Stanley's assets in which any one person or more than one person acting as a group (as determined under Section 409A) acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) assets from Morgan Stanley that have a total gross fair market value equal to more than 50% of the total gross fair market value of all of the assets of Morgan Stanley immediately prior to such acquisition or acquisitions.

Notwithstanding the foregoing, (x) no Change in Control shall be deemed to have occurred if there is consummated any transaction or series of integrated transactions immediately following which the record holders of Morgan Stanley common stock immediately prior to such transaction or series of transactions continue to have substantially the same proportionate ownership in an entity which owns substantially all of the assets of Morgan Stanley immediately prior to such transaction or series of transactions and (y) no event or circumstances described in any of

clauses (1) through (4) above shall constitute a Change in Control unless such event or circumstances also constitute a change in the ownership or effective control of Morgan Stanley, or in the ownership of a substantial portion of Morgan Stanley's assets, as defined in Section 409A. In addition, no Change in Control shall be deemed to have occurred upon the acquisition

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of additional control of Morgan Stanley by any one person or more than one person acting as a group that is considered to effectively control Morgan Stanley.

For purposes of the provisions of this Award Certificate, terms used in the definition of a Change in Control shall be as defined or interpreted pursuant to Section 409A.

(d) "**Committee**" means the Compensation, Management Development and Succession Committee of the Board, any successor committee thereto or any other committee of the Board appointed by the Board with the powers of the Committee under the Plan, or any subcommittee appointed by such Committee"

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(e) ["**Comparison Group**"] consists of the following entities: Bank of America, Barclays, Citigroup, Deutsche Bank, Goldman Sachs, JPMorgan Chase, UBS Group and Wells Fargo]

(f) "**Competitive Activity**" means:

(1) becoming, or entering into any arrangement as, an employee, officer, partner, member, proprietor, director, independent contractor, consultant, advisor, representative or agent of, or serving in any similar position or capacity with, a Competitor, where you will be responsible for providing, or managing or supervising others who are providing, any services (x) that are similar or substantially related to any services that you provided to the Firm, or (y) that you had direct or indirect managerial or supervisory responsibility for at the Firm, or (z) that call for the application of any of the same or similar specialized knowledge or skills as those utilized by you in your services for the Firm, in each such case, at any time during the year preceding the termination of your employment with the Firm; or

(2) either alone or in concert with others, forming, or acquiring a 5% or greater equity ownership, voting interest or profit participation in, a Competitor.

(g) "**Competitor**" means any corporation, partnership or other entity that engages, or that owns a significant interest in any corporation, partnership or other entity that engages, in any business activity the Firm engages in, or that you reasonably knew or should have known that the Firm was planning to engage in, at the time of the termination of your Employment.

(h) "**Confidential and Proprietary Information**" means any information that is classified as confidential in the Firm's Global Policy on Confidential Information or that may have intrinsic value to the Firm, the Firm's clients or other parties with which the Firm has a relationship, or that may provide the Firm with a competitive advantage, including, without limitation, any trade secrets; inventions (whether or not patentable); formulas; flow charts; computer programs; access codes or other systems information; algorithms; technology

The Comparison Group presented in this form of Award Certificate is indicative and may be modified from time to time.

and business processes; business, product or marketing plans; sales and other forecasts; financial information; client lists or other intellectual property; information relating to compensation and benefits; and public information that becomes proprietary as a result of the Firm's compilation of that information for use in its business, *provided* that such Confidential and Proprietary Information does not include any information which is available for use by the general public or is generally available for use within the relevant business or industry other than as a result of your action. Confidential and Proprietary Information may be in any medium or form, including, without limitation, physical documents, computer files or discs, electronic communications, videotapes, audiotapes, and oral communications.

(i) **"Date of the Award"** means [insert grant date, which will typically coincide with the beginning of the performance period].

(j) You will be deemed to have made **"Defamatory or Disparaging Comments"** about the Firm if, at any time, you make, publish, or issue, or cause to be made, published or issued, in any medium whatsoever to any person or entity external to the Firm, any derogatory, defamatory or disparaging statement regarding the Firm, its businesses or strategic plans, products, practices, policies, personnel or any other Firm matter. Nothing

⁷The Comparison Group presented in this form of Award Certificate is indicative and may be modified from time to time.

contained herein is intended to prevent you from testifying truthfully or making truthful statements or submissions in litigation or other legal, administrative or regulatory proceedings or internal investigations.

(k) **"Disability"** means any condition that would qualify for a benefit under any group long-term disability plan maintained by the Firm and applicable to you.

(l) **"Employed"** and **"Employment"** refer to employment with the Firm and/or Related Employment.

(m) The **"Firm"** means Morgan Stanley (including any successor thereto) together with its subsidiaries and affiliates. For purposes of the definitions of "Cause," "Confidential and Proprietary Information," "Defamatory or Disparaging Comments," "Unauthorized Disclosures" and "Wrongful Solicitation" set forth in this Award Certificate and Section 10(c)(2)(vi) of this Award Certificate, references to the "Firm" shall refer severally to the Firm as defined in the preceding sentence and your Related Employer, if any. For purposes of the cancellation provisions set forth in this Award Certificate relating to disclosure or use of Confidential and Proprietary Information, references to the "Firm" shall refer to the Firm as defined in the second preceding sentence or your Related Employer, as applicable.

(n) [**"Full Career Retirement"**] means the termination of your Employment by you or by the Firm for any reason other than under circumstances involving any cancellation event described in Section 10(c) (including due to your Disability, death or Governmental Service Termination), if you have either satisfied the age and service requirements set forth in your employment agreement or offer letter with the Firm or, if you are not party to an employment agreement or offer letter with the Firm (or if such agreement or letter does not

include a definition of “Full Career Retirement”), you meet any of the following criteria as of your termination date and, in either case, unless your Employment terminates for reasons of Disability, death or a Governmental Service Termination, you have provided the Firm 12 months’ advance notice of your resignation in a form satisfactory to the Firm:

- (1) you have attained age 50 and completed at least 12 years of service as a []⁸ of the Firm or equivalent officer title; or
 - (2) you have attained age 50 and completed at least 15 years of service as an officer of the Firm at the level of []⁹ or above;
- or
- (3) you have completed at least 20 years of service with the Firm; or
 - (4) you have attained age 55 and have completed at least 5 years of service with the Firm and the sum of your age and years of service equals or exceeds 65.¹⁰

For the purposes of the foregoing definition, service with the Firm will include any period of service with the following entities and any of their predecessors:

⁸Specified officer title(s) in one or more specified business units.

⁹Specified officer title(s) in one or more specified business units.

¹⁰Age and service conditions specified in clauses (1) through (4) may vary from year to year and for awards granted to certain employees.

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- (i) AB Asesores (“**ABS**”) prior to its acquisition by the Firm (*provided* that only years of service as a partner of ABS shall count towards years of service as an officer);
- (ii) Morgan Stanley Group Inc. and its subsidiaries (“**MS Group**”) prior to the merger with and into Dean Witter, Discover & Co.;
- (iii) Miller Anderson & Sherrerd, L.L.P. prior to its acquisition by MS Group;
- (iv) Van Kampen Investments Inc., FrontPoint Partners LLC, Mesa West Capital LLC, E*TRADE Financial Corporation, Solium Capital, and Eaton Vance Corp., and their respective subsidiaries, in each case, prior to their acquisition by the Firm;
- (v) Lend Lease Corporation Limited and its subsidiaries prior to the acquisition of certain of its assets by the Firm; and
- (vi) Dean Witter, Discover & Co. and its subsidiaries (“**DWD**”) prior to the merger of Morgan Stanley Group Inc. with and into Dean Witter, Discover & Co.;

⁸Specified officer title(s) in one or more specified business units.

⁹Specified officer title(s) in one or more specified business units.

¹⁰Age and service conditions specified in clauses (1) through (4) may vary from year to year and for awards granted to certain employees.

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provided that, in the case of an employee who has transferred employment from DWD to MS Group or vice versa, a former employee of DWD will receive credit for employment with DWD only if he or she transferred directly from DWD to Morgan Stanley & Co. Incorporated or its affiliates subsequent to February 5, 1997, and a former employee of MS Group will receive credit for employment with MS Group only if he or she transferred directly from MS Group to Morgan Stanley DW Inc. or its affiliates subsequent to February 5, 1997.]

(o) **“Governmental Employer”** means a governmental department or agency, self-regulatory agency or other public service employer.

(p) **“Governmental Service Termination”** means the termination of your Employment due to your commencement of employment at a Governmental Employer; *provided* that you have presented the Firm with satisfactory evidence demonstrating that as a result of such new employment, the divestiture of your continued interest in Morgan Stanley equity awards or continued ownership of Morgan Stanley common stock is reasonably necessary to avoid the violation of U.S. federal, state or local or foreign ethics law or conflicts of interest law applicable to you at such Governmental Employer.

(q) **“Index Group”** means the S&P 500 Financial Sectors Index¹¹.

(r) **“Internal Revenue Code”** means the United States Internal Revenue Code of 1986, as amended, and the rules, regulations and guidance thereunder.

(s) **“Legal Requirement”** means any law, regulation, ruling, judicial decision, accounting standard, regulatory guidance or other legal requirement.

(t) **“Management Committee”** means the Morgan Stanley Management Committee and any successor or equivalent committee.

¹¹The Index Group presented in this form of Award Certificate is indicative and may be modified from time to time.

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(u) **“MS ROTCE”** means the average of the earnings applicable to Morgan Stanley’s common shareholders as a percentage of average tangible common equity, as reported in the Firm’s most recently filed Form 10-K, for each fiscal year during the Performance Period, **Period**, adjusted to eliminate the impact of the following items with respect to each such fiscal year: (a) debt valuation adjustments, (b) any individual gain or loss associated with the sale of any Disposal Group at the time of, or subsequent to, it being classified as Held for Sale, (c) any aggregate gains or losses associated with legal settlements and/or accruals related to legal settlements recognized in the fiscal year and relating to business activities conducted prior to January 1, 2011 and (d) any impacts for changes to an existing, or application of a new, accounting principle that are not applied on a fully retrospective basis in

¹¹The Index Group presented in this form of Award Certificate is indicative and may be modified from time to time.

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the year of adoption and result in a cumulative catch-up adjustment (recorded either as a gain or a loss, or as an adjustment to equity) in the applicable fiscal year.

- For purposes of each of clauses (b) through (d) above, adjustments shall only be made to MS ROTCE if the pre-tax amounts equal or exceed \$100 million during the applicable fiscal year;
- For purposes of clause (b) above, "Disposal Group" and "Held for Sale," shall be defined in accordance with US generally accepted accounting principles;
- For purposes of clause (b) above, any gain or loss associated with the sale of a Disposal Group shall include any transaction costs, severance costs, and/or acceleration of unvested deferred compensation awards; and
- For purposes of clause (c) above, such gains or losses shall include any expense (or reversal of expense) recognized during the fiscal year associated with legal proceedings and/or legal settlements.]

(v) "**Performance Period**" means the three-year period consisting of the reporting years of Morgan Stanley beginning with the year [including]/[immediately following] the Date of the Award.

(w) "**Plan**" means the Equity Incentive Compensation Plan, as amended.

(x) "**Pro Ration Fraction**" means a fraction, the numerator of which is the number of days starting with and inclusive of [January 1st immediately preceding the Date of the Award]/[the Date of the Award] and ending on the effective date of your termination of Employment and the denominator of which is the number of days in the period beginning on [January 1st immediately preceding the Date of the Award]/[the Date of the Award] and ending on the Scheduled Vesting Date.

(y) "**Related Employment**" means your employment with an employer other than the Firm (such employer, herein referred to as a "**Related Employer**"), *provided* that: (i) you undertake such employment at the written request or with the written consent of Morgan Stanley's Chief Human Resources Officer (or if such position no longer exists, the holder of an equivalent position); (ii) immediately prior to undertaking such employment you were an employee of the Firm or were engaged in Related Employment (as defined herein); and (iii) such employment is recognized by the Firm in its discretion as Related Employment; and, *provided further*, that the Firm may (1) determine at any time in its sole discretion that employment that was recognized by the Firm as Related Employment no longer qualifies as Related Employment, and (2) condition the designation and benefits of Related Employment on such terms and conditions as the Firm may determine in its sole discretion; *provided further*, the Firm will not provide for Related Employment except to the extent such treatment

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is not prohibited by Section 409A and would not cause you to recognize income for United States federal income tax purposes before your performance stock units convert to shares (or your dividend equivalents are paid) or to incur additional tax or interest under Section 409A.

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The designation of employment as Related Employment does not give rise to an employment relationship between you and the Firm, or otherwise modify your and the Firm's respective rights and obligations.

(z) "**Scheduled Conversion Date**" means a date during [the year following last year of the Performance Period] determined by the Committee.

(aa) "**Scheduled Vesting Date**" means [January 1st following the last year of the Performance Period].

(bb) **(ab)** "**Section 409A**" means Section 409A of the Internal Revenue Code and any regulations thereunder.

(cc) **(ac)** "**Separation from Service**" means a separation from service with the Firm for purposes of Section 409A determined using the default provisions set forth in Treasury Regulation §1.409A-1(h) or any successor regulation thereto. For purposes of this definition, Morgan Stanley's subsidiaries and affiliates include (and are limited to) any corporation that is in the same controlled group of corporations (within the meaning of Section 414(b) of the Internal Revenue Code) as Morgan Stanley and any trade or business that is under common control with Morgan Stanley (within the meaning of Section 414(c) of the Internal Revenue Code), determined in each case in accordance with the default provisions set forth in Treasury Regulation §1.409A-1(h)(3).

(dd) **(ad)** "**Target Award**" means the number of performance stock units that has been communicated to you separately and that will be earned, subject to the other terms and conditions of this Award Certificate, if each of the multipliers set forth in Sections 2(a) and 2(b) equals 1.

(ee) **(ae)** "**Total Shareholder Return**" or "**TSR**", as it applies to

(1) Morgan Stanley's common stock, means the percentage change in value (positive or negative) over the Performance Period as measured by dividing (i) the sum of (A) the cumulative value of dividends and other distributions in respect of the common stock for the Performance Period, assuming dividend reinvestment, and (B) the difference (positive or negative) between the common stock price on the first and last days of the Performance Period (calculated on the basis of the average of the adjusted closing prices over the 30-day trading period immediately prior to the first day of the Performance Period and the average of the adjusted closing prices over the 30-day trading period ending on the last day of the Performance Period), by (ii) the common stock price on the first day of the Performance Period, calculated on the basis of the average of the adjusted closing prices over the 30-day trading period immediately prior to the first day of the Performance Period; and

(2) the Index Group, means the percentage change in value (positive or negative) over the Performance Period as measured by dividing (i) the difference (positive or negative) between the closing price of the Index Group on the first and last days of the Performance Period (calculated on the basis of the average of the adjusted closing prices over

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the 30-day trading period immediately prior to the first day of the Performance Period and the average of the adjusted closing prices over the 30-day trading period ending on the last day of the Performance Period), by (ii) the closing price of the Index Group on the first day of the Performance Period, calculated on the basis of the average of the adjusted closing prices over the 30-day trading period immediately prior to the first day of the Performance Period. The

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adjusted closing price of the Index Group on any given date shall be the closing price of the S&P 500 Financial Sectors Index as reported by the Bloomberg Professional Service.]

(ff) (af) You will be deemed to have made "**Unauthorized Disclosures**" about the Firm if, while Employed or following the termination of your Employment, without having first received written authorization from the Firm, you disclose, or participate in the disclosure of or allow disclosure of, any information about the Firm or its present or former clients, customers, executives, officers, directors, or other employees or Board members, or its business or operations, or legal matters involving the Firm and resolution or settlement thereof, or any aspects of your Employment with the Firm or termination of such Employment (which, for the avoidance of doubt, does not prevent you from confirming your employment status with the Firm), whether written, oral or in electronic format, to any reporter, author, producer or similar person or entity or to any general public media in any form (including, without limitation, books, articles or writings of any other kind, as well as film, videotape, television or other broadcasts, audio tape, electronic/Internet or blog format or any other medium).

(gg) (ag) A "**Wrongful Solicitation**" occurs upon either of the following events:

(1) while Employed, including during any notice period applicable to you in connection with the termination of your Employment, or within 180 days after the termination of your Employment, directly or indirectly in any capacity (including through any person, corporation, partnership or other business entity of any kind), you hire or solicit, recruit, induce, entice, influence or encourage any Firm employee to leave the Firm or become hired or engaged by another firm; *provided, however*, that this clause shall apply only to employees with whom you worked or had professional or business contact, or who worked in or with your business unit, during any notice period applicable to you in connection with the termination of your Employment or during the 180 days preceding notice of the termination of your Employment; or

(2) while Employed, including during any notice period applicable to you in connection with the termination of your Employment, or within 90 days (180 days if you are a member of the Management Committee at the time of notice of termination) after the termination of your Employment, directly or indirectly in any capacity (including through any person, corporation, partnership or other business entity of any kind), you solicit or entice away or in any manner attempt to persuade any client or customer, or prospective client or customer, of the Firm (i) to discontinue or diminish his, her or its relationship or prospective relationship with the Firm or (ii) to otherwise provide his, her or its business to any person, corporation, partnership or other business entity which engages in any line of business in which the Firm is engaged (other than the

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Firm); *provided, however*, that this clause shall apply only to clients or customers, or prospective clients or customers, that you worked for on an actual or prospective project or assignment during any notice period applicable to you in connection with the termination of your Employment or during the 180 days preceding notice of the termination of your Employment.

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IN WITNESS WHEREOF, Morgan Stanley has duly executed and delivered this Award Certificate as of the Date of the Award.

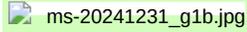
MORGAN STANLEY

/s/

[Name]
[Title]

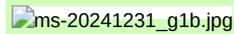
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EXHIBIT 19

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Global Policy for Transactions in Morgan Stanley Securities

Policy Owner	Global Head of Compliance Information Controls Group	Approver	Non-Financial Risk Governance Committee
Effective Date	December 10, 2024	Contact Information	[*]

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1 Executive Summary

This Global Policy for Transactions in Morgan Stanley Securities to Promote Compliance with Insider Trading Laws, Rules and Regulations (the "Policy") sets forth general rules that directors and employees of Morgan Stanley must follow with respect to transactions in Morgan Stanley securities.¹ This Policy also sets forth general rules and procedures for transactions by Morgan Stanley in Morgan Stanley securities. As used in this Policy, "Morgan Stanley" or the "Firm" includes Morgan Stanley and its consolidated subsidiaries. The purpose of this Policy is to promote compliance with insider trading laws, rules and regulations and the provisions of this Policy may be copied, described or summarized in other Morgan Stanley policies applicable to directors, employees or Morgan Stanley for the convenience of readers of those policies.

2 Transactions in Morgan Stanley Securities by Directors and Employees

2.1 General

Directors and employees may not transact in any security issued by Morgan Stanley, or (if permitted) any derivative security based on or related to any Morgan Stanley security, including through Morgan Stanley 401(k) plans or other deferred compensation or retirement plans (including those held outside the Firm), while in possession of Material Non-Public Information about Morgan Stanley ("Firm MNPI"), including during applicable window periods discussed in Section 2.2 below.

2.2 Window Periods and Trade Preclearance

2.2.1 Directors and Executive Officers

Subject to the provisions of Section 2.2.2 below, directors and executive officers of Morgan Stanley may only transact in Morgan Stanley securities during a window period, as determined by the Board of Directors of Morgan Stanley (the "Board"), and with the prior approval of the Chief Legal Officer ("CLO") or his or her delegate. Once approval is received, the specific transaction must be executed before the close of the next business day; otherwise, an additional approval is required.

2.2.2 Operating Committee and Management Committee Members

Members of the Firm's Operating Committee and Management Committee, including executive officers of Morgan Stanley, may only transact in Morgan Stanley securities during a window period, as determined by the CLO, and with the prior approval of the CLO, the Director of Company Law or their delegates. Once approval is received, the specific transaction must be executed before the close of the next business day; otherwise, an additional approval is required.

2.2.3 Access Persons

Access Persons, other than members of the Firm's Operating Committee and Management Committee, may only transact in Morgan Stanley securities during a window period, as determined by the CLO, and are required to obtain pre-clearance for all transactions in Morgan Stanley securities through Morgan Stanley's Trade Pre-Clearance System. Once approval is received, the specific transaction must be executed before the close of the next business day; otherwise, an additional approval is required.

¹This Policy applies to spouses, domestic partners or dependents of directors and employees and this policy also applies to trading accounts such persons have a financial interest in and/or the power, directly or indirectly, to control or influence investment decisions.

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2.2.4 Non-Access Persons

Non-Access Persons may only transact in Morgan Stanley securities during a window period, as determined by the CLO, but are not required to obtain pre-clearance for transactions in Morgan Stanley securities.

2.3 Derivatives and Margin Transactions

2.3.1 Derivatives Trading

Directors and employees may not, under any circumstances, sell short Morgan Stanley securities. Employees, other than members of the Firm's Operating Committee and the Firm's principal accounting officer, may write covered calls and buy protective puts during the relevant window periods referred to in this Section 2, but only with respect to hedging an existing position in saleable (i.e., unrestricted) Morgan Stanley securities.

2.3.2 Margin Transactions

Directors and members of the Firm's Operating Committee and Management Committee and certain other groups, as determined by the CLO, may not enter into margin transactions related to Morgan Stanley securities. Other employees are permitted to margin saleable (i.e., unrestricted) Morgan Stanley securities.

3 Transactions by Morgan Stanley in Morgan Stanley Securities

3.1 General

Morgan Stanley may not issue or repurchase any Morgan Stanley securities while in possession of Firm MNPI.

3.2 Transactions in Morgan Stanley Securities

3.2.1 Approvals

While the general approval requirements for issuances and repurchases of Morgan Stanley securities vary across distribution channels, type of instrument and size, to promote compliance with Section 3.1, Morgan Stanley shall not issue Morgan Stanley securities or repurchase Morgan Stanley securities issued during any blackout period established in respect of such instrument.

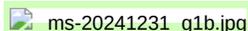
3.2.2 Blackout Periods

Treasury Capital Markets shall be responsible for establishing and communicating quarterly blackout periods in respect of issuances and repurchases of Morgan Stanley securities, subject to quarterly review and approval by Company Law.

Quarterly blackout periods shall generally precede the public dissemination of Morgan Stanley's quarterly and annual statements of revenues and earnings and end after such public dissemination, but may be modified or waived in appropriate circumstances in consultation with Company Law.

At their discretion, the Firm's Treasurer, Head of Treasury Capital Markets, Chief Financial Officer ("CFO"), CLO or their delegates may impose additional blackout periods.

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3.1 Repurchases of Morgan Stanley Common Stock

From time to time, the Board may authorize the repurchase of Morgan Stanley's common stock ("Repurchases"), which is reported by the Firm in its periodic reports filed with the U.S. Securities and Exchange Commission ("SEC"). Sections 3.3.1, 3.3.2, 3.3.3 and 3.3.4 below set forth the actions that shall be followed to help ensure that Repurchases are not made, or a Rule 10b5-1 Trading Plan to effect such Repurchases is not entered into, when the Firm is in possession of Firm MNPI.

3.3.1 Repurchase Blackout Period

No Repurchases shall take place during the Repurchase Blackout Period other than repurchases made pursuant to a Rule 10b5-1 Trading Plan. Nor should any Rule 10b5-1 Trading Plan be entered into during a Repurchase Blackout Period.

3.3.2 Authorized Officers

Only specifically designated persons may authorize Repurchases. The Chief Executive Officer ("CEO") and CFO may initiate a Repurchase or Series of Repurchases or the entry into a Rule 10b5-1 Trading Plan to effect Repurchases (each a "Repurchase Action").

3.3.3 Repurchase Pre-Approval Requirements

On the business day immediately prior to the proposed execution of a Repurchase Action, the CFO shall notify the CLO and Director of Company Law of (i) his or her decision to initiate a Repurchase Action on the next business day and (ii) his or her confirmation that he or she is not in possession of Firm MNPI.

Following such notification, the CLO shall confer with the CEO and CFO, and take additional steps as he or she deems necessary, to ascertain whether the Firm is in possession of Firm MNPI.

Upon the CLO's satisfaction that, to his or her knowledge based on the steps above, the Firm is not in possession of Firm MNPI, the CLO shall notify the CFO that he or she can proceed with the Repurchase Action on the next business day. If the CFO does not receive such notification from the CLO, the CFO may not proceed with the Repurchase Action. Once the Repurchase Action is completed, the CFO must obtain separate authorization for additional Repurchase Actions.

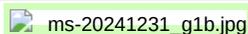
If the CLO determines, for any reason, that the Repurchase Action should not proceed, he or she shall notify the CFO that he or she may not proceed with the Repurchase Action.

3.3.4 Series of Repurchases

If the Repurchase Action comprises a Series of Repurchases that may be carried out over a set period without implementation of a Rule 10b5-1 Trading Plan to effect the Series of Repurchases, then the CEO and CFO should contact the CLO should they become aware of any information that may constitute Firm MNPI for such time as the Series of Repurchases is taking place.

If, following commencement of a Series of Repurchases, the CLO determines, based on the notification contemplated by the immediately preceding paragraph or otherwise, that Firm MNPI has arisen or the CLO otherwise determines that it is inappropriate for Repurchases to continue, he or she shall instruct the CFO to terminate the Series of Repurchases. Any resumption of Repurchases shall constitute a Repurchase Action subject to the requirements set forth in this Section 3.3. This paragraph does not apply to Repurchases made pursuant to a Rule 10b5-1 Trading Plan.

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4 Policy Assurance Methods

4.1 Consequences of Violating the Policy

Violations of this Policy may also result in corrective action by the Firm, including, but not limited to, cancellation of a trade, suspension of trading privileges and/or disciplinary action, up to and including termination of employment and civil proceedings. The Firm reserves the right in its sole discretion to freeze positions, cancel any trade without prior notice, instruct the employee to cancel a trade executed in an account held outside of Morgan Stanley or compel the repurchase at the market price of the securities sold in violation of this Policy. Employees can also be held responsible for the actions (or inaction) of others if they knew, or should have known, about their misconduct. Any loss will be borne by the violator and any profits will be forfeited. In addition, this Policy aligns with certain legal requirements, and violation of those legal requirements could result in criminal proceedings.

4.2 Exceptions and Exemptions

This Policy may be modified or an exception granted with approval of the CLO or his or her designee where the circumstances make such modification or exception appropriate, in compliance with applicable law.

5 Governance

5.1 Update Requirements

The Policy was approved by the Chief Legal Officer and the Chief Compliance Officer. The Global Head of Compliance Information Controls Group (or his or her designee) shall review this Policy annually and submit any significant amendments to this Policy to the Non-Financial Risk Governance Committee for approval.

6 Reference Information

6.1 Questions

Questions regarding employee transactions in Morgan Stanley securities should be directed to Employee Investing and Activities Compliance ("EIAC") in the Compliance Department ("Compliance") or [*].

6.2 Glossary

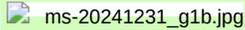
TERM	DEFINITION
Access Persons	Are specific individuals designated by job function or title and all individuals in certain designated divisions. Access Persons may receive or have access to Firm MNPI that is either cyclical (e.g., business operating results, financials) or noncyclical (e.g., material strategic transactions, significant undisclosed regulatory action). Individuals will be advised by Employee Investing and Activities Compliance each quarter if they are Access Persons for purposes of this Policy.
Blackout period	Refers to the period in which the Firm shall not engage in transactions of Morgan Stanley securities.

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Material	<p>The Firm's definition of "material" information is co-extensive with the definition provided by securities laws. For illustrative purposes only, and not to replace or change the legal definition, information may be "material" if there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision or it could reasonably be expected to have a substantial effect on the price of the Firm's securities, or if the information could be viewed as significantly altering the total mix of available information. The following list, while not exhaustive, includes the types of information or events that should be reviewed carefully to determine whether such information is material:</p> <ul style="list-style-type: none"> ▪ Earnings, including whether the Firm will or will not meet expectations; ▪ Mergers, acquisitions, divestitures, joint ventures, strategic alliances or other strategic arrangements; ▪ Changes in senior management; ▪ Changes in compensation policy; ▪ A change in auditors or auditor notification that the Firm may no longer rely on an audit report; ▪ Financings, capital actions and other events regarding Morgan Stanley securities (e.g., defaults on debt securities, calls of certain securities for redemption, repurchase plans, stock splits, dividends or public or private sales of securities); ▪ Significant and/or pending litigation or regulatory investigations; ▪ Significant events related to market, credit, liquidity, model, operational (including cybersecurity), compliance, financial crime, strategic and reputational risks; and ▪ Bankruptcy, corporate restructuring or receivership.
Morgan Stanley securities	Are all securities issued by Morgan Stanley, including common stock, preferred stock and debt.
Non-Public Information	The Firm's definition of "nonpublic" information is co-extensive with the definition provided by securities laws. For illustrative purposes only, and not to replace or change the legal definition, "nonpublic" information is information that has not been previously disclosed to the general public by means of a press release, SEC filing or other media for broad public access (including during a call that discusses quarterly earnings results that is announced in advance and broadly available to the public). Disclosure can be made public either by furnishing or filing a Current Report on Form 8-K, press release, posting on the Firm's website or any other method that the Firm's management believes is reasonably designed to distribute the information in a broad, non-exclusionary manner to the public.
Repurchase Blackout Period	Refers to the period that commences in advance of a quarterly earnings announcement and ends after such announcement, as determined by the CLO, in which Repurchases shall not take place unless pursuant to a Rule 10b5-1 Trading Plan.
Rule 10b5-1 Trading Plan	Is a repurchase plan established in accordance with the SEC's Rule 10b5-1.
Series of Repurchases	Means a series of continuous Repurchases (not made pursuant to a Rule 10b5-1 Plan) that commences on a selected date and continues during a certain period on a daily or other basis, e.g., repurchases that commence following the announcement of earnings for the immediately preceding fiscal quarter. If more than five business days elapse without a Repurchase being completed, then the Series of Repurchases shall be deemed to have ceased.

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Transactions	Refers to purchases, sales, transfers or gifts. With respect to Morgan Stanley's 401(k) plan, also includes changes to existing investments in the plan that result in funds being moved in or out of the Morgan Stanley Stock Fund.
Window period	Refers to the period determined by the Board or the CLO, as applicable, during which directors and employees may transact in Morgan Stanley securities, subject to any other restrictions discussed in Section 2 and any holding periods established by Compliance. Though to be determined as set forth in Section 2 of this Policy, the window periods referred to in Section 2 are generally expected to open on the first business day following the public dissemination of Morgan Stanley's quarterly or annual statements of revenues and earnings and close no later than 30 business days later.

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EXHIBIT 21

Subsidiaries of Morgan Stanley*
As of **December 31, 2023** December 31, 2024

Guarantor and Subsidiary Issuer of Registered Guaranteed Securities

Securities

Guarantor

Morgan Stanley Finance LLC ("MSFL") issues, from time to time, its Series A senior debt securities under the MSFL Senior Debt Indenture dated February 16, 2016 that are each fully and unconditionally guaranteed by Morgan Stanley. Of those issuances, the Global Medium-Term Notes, Series A, Fixed Rate Step-Up Senior Notes Due 2026 and the Global Medium-Term Notes, Series A, Floating Rate Notes Due 2029 are currently listed on the New York Stock Exchange.

Morgan Stanley

EXHIBIT 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the following Registration Statements (as amended) of our reports dated February 22, 2024 February 21, 2025, relating to the financial statements of Morgan Stanley and subsidiaries (the "Firm"), and the effectiveness of the Firm's internal control over financial reporting, appearing in this Annual Report on Form 10-K for the year ended December 31, 2023 December 31, 2024:

Filed on Form S-3:

Registration Statement No. 333-253728
 Registration Statement No. 333-275587
 Registration Statement No. 333-275587-01

Filed on Form S-8:

Registration Statement No. 33-63024
 Registration Statement No. 33-63026
 Registration Statement No. 33-78038
 Registration Statement No. 33-79516
 Registration Statement No. 33-82240
 Registration Statement No. 33-82242
 Registration Statement No. 33-82244
 Registration Statement No. 333-04212
 Registration Statement No. 333-28141
 Registration Statement No. 333-28263
 Registration Statement No. 333-62869
 Registration Statement No. 333-78081
 Registration Statement No. 333-95303
 Registration Statement No. 333-55972
 Registration Statement No. 333-85148

Filed on Form S-8:

Registration Statement No. 333-85150
 Registration Statement No. 333-108223
 Registration Statement No. 333-142874
 Registration Statement No. 333-146954
 Registration Statement No. 333-159503
 Registration Statement No. 333-159504
 Registration Statement No. 333-159505
 Registration Statement No. 333-168278
 Registration Statement No. 333-172634
 Registration Statement No. 333-177454
 Registration Statement No. 333-183595
 Registration Statement No. 333-188649
 Registration Statement No. 333-192448
 Registration Statement No. 333-204504
 Registration Statement No. 333-211723
 Registration Statement No. 333-218377
 Registration Statement No. 333-231913
 Registration Statement No. 333-256493
 Registration Statement No. 333-266612

/s/ Deloitte & Touche LLP

New York, New York

February 22, 2024 21, 2025

Certification

I, Edward Pick, certify that:

1. I have reviewed this annual report on Form 10-K of Morgan Stanley;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 22, 2024 February 21, 2025

/s/ EDWARD PICK

Edward Pick

Chairman of the Board and Chief Executive Officer

Certification

I, Sharon Yeshaya, certify that:

1. I have reviewed this annual report on Form 10-K of Morgan Stanley;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
- a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
- a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 22, 2024 February 21, 2025

/s/ SHARON YESHAYA

Sharon Yeshaya

Executive Vice President and Chief Financial
Officer

EXHIBIT 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Morgan Stanley (the "Firm") on Form 10-K for the year ended December 31, 2023 December 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Edward Pick, Chairman of the Board and Chief Executive Officer of the Firm, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Firm.

/s/ EDWARD PICK

Edward Pick

Chairman of the Board and
Chief Executive Officer

Dated: February 22, 2024 February 21, 2025

EXHIBIT 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Morgan Stanley (the "Firm") on Form 10-K for the year ended December 31, 2023 December 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Sharon Yeshaya, Executive Vice President and Chief Financial Officer of the Firm, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Firm.

/s/ SHARON YESHAYA

Sharon Yeshaya

Executive Vice President and
Chief Financial Officer

Dated: February 22, 2024 February 21, 2025

EXHIBIT 97

MORGAN STANLEY
COMPENSATION RECOURPMENT POLICY

This Morgan Stanley Compensation Recoupment Policy ("**Policy**") has been adopted by the Board of Directors (the "**Board**") of Morgan Stanley (the "**Company**") on October 25, 2023 upon the recommendation of the Committee. This Policy provides for the recoupment of Erroneously Awarded Compensation from Covered Executives in the event of an Accounting Restatement in accordance with the terms and conditions set forth herein. This Policy is intended to comply with the requirements of Section 10D of the Exchange Act (as defined below) and Section 303A.14 of the NYSE Listed Company Manual (collectively, the "**Clawback Rules**").

1. **Definitions.** For the purposes of this Policy, the following terms shall have the meanings set forth below.

(a) "**Accounting Restatement**" means a restatement of the Company's financial statements due to the material noncompliance of the Company with any financial reporting requirement under U.S. federal securities laws that is required in order to correct:

- (i) an error in previously issued financial statements that is material to the previously issued financial statements such that previously issued financial statements require refiling (“**Big R**” restatement”); or
- (ii) an error in previously issued financial statements that is material to the current period financial statements if (A) left uncorrected, or (B) the correction were recorded only in the current period (“**little r**” restatement”) (in either case, due to the materiality of the impact the error would have on the current period, the previously issued financial statements must be revised to correct it even though the error may not have been material to those financial statements and such revision is made in the current period filing without reissuance of financial statements).

For purposes of the Policy, the Company shall determine whether a restatement of the Company's financial statements is an Accounting Restatement in accordance with procedures adopted by the Company, as in effect at the time of the relevant restatement and described in Section 2 of this Policy. For purposes of this Policy, an Accounting Restatement shall not be deemed to occur in the event of a revision of the Company's financial statements due to an out-of-period adjustment (i.e., when the error is immaterial to the previously issued financial statements and the correction of the error is also immaterial to the current period) or a retrospective (1) application of a change in accounting principles; (2) revision to reportable segment information due to a change in the structure of the Company's internal organization; (3) reclassification due to a discontinued operation; (4) application of a change in reporting entity, such as from a reorganization of entities under common control; or (5) revision for stock splits, reverse stock splits, stock dividends, or other changes in capital structure.

(b) “**Committee**” means the Compensation, Management Development and Succession Committee of the Board or any successor committee thereof. If there is no Compensation, Management Development and Succession Committee of the Board, references herein to the “Committee” shall refer to the Company's committee of independent directors that is responsible for executive compensation decisions, or in the absence of such a compensation committee, the independent members of the Board.

(c) “**Covered Compensation**” means any Incentive-based Compensation “received” by a Covered Executive during the applicable Recoupment Period; *provided that*:

- (i) such Covered Compensation was received by such Covered Executive (A) after the Effective Date, (B) after he or she commenced service as an Executive Officer and (C) while the Company had a class of securities publicly listed on a United States national securities exchange; and
- (ii) such Covered Executive served as an Executive Officer at any time during the performance period applicable to such Incentive-based Compensation.

For purposes of this Policy, Incentive-based Compensation is “received” by a Covered Executive during the fiscal period in which the Financial Reporting Measure applicable to such Incentive-based Compensation (or portion thereof) is attained, even if the payment or grant of such Incentive-based Compensation is made before or after such fiscal period. For purposes of this Policy, PSUs are “received” on December 31st of the final year of the performance period.

(d) “**Covered Executive**” means any current or former Executive Officer.

(e) “**Effective Date**” means the date on which Section 303A.14 of the NYSE Listed Company Manual becomes effective.

(f) “**Exchange Act**” means the U.S. Securities Exchange Act of 1934, as amended.

(g) “**Executive Officer**” means each individual who is designated by the Board as an “officer” of the Company as defined in Rule 16a-1(f) under the Exchange Act. For the avoidance of doubt, the identification of “Executive Officer” for purposes of this Policy shall include each executive officer identified pursuant to Item 401(b) of Regulation S-K, as well as the Principal Accounting Officer. The determination as to an individual's status as an Executive Officer shall be made by the Committee and such determination shall be final, conclusive and binding on such individual and all other interested persons.

(h) “**Financial Reporting Measure**” means any (i) reporting measure of the Company that is determined and presented in accordance with the accounting principles used in preparing the Company's financial statements, (ii) stock price measure of the Company, or (iii) total shareholder return measure of the Company (and any measures that are derived wholly or in part from any measure referenced in clause (i), (ii) or (iii) above). For the avoidance of doubt, any such

measure does not need to be presented within the Company's financial statements or included in a filing with the U.S. Securities and Exchange Commission to constitute a Financial Reporting Measure.

(i) **"Incentive-based Compensation"** means any compensation (including, for the avoidance of doubt, any cash or equity or equity-based compensation, whether deferred or current) that is granted, earned and/or vested based wholly or in part upon the attainment of a Financial Reporting Measure. For purposes of this Policy, "Incentive-based Compensation" includes PSUs. For purposes of this Policy, "Incentive-based Compensation" does not include discretionary cash bonus or discretionary awards of time-vested stock units.

(j) **"NYSE"** means the New York Stock Exchange, or any successor thereof.

(k) **"PSUs"** means Company Long-Term Incentive Program stock units that vest and convert to shares based on performance against pre-determined performance objectives with respect to the Company's average ROTCE, the Company's average ROTCE relative to the ROTCE of each member of a peer group and/or the Company's TSR relative to the TSR of the S&P 500 Financials Index.

(l) **"Recoupment Period"** means the three fiscal years completed immediately preceding the date of any applicable Restatement Date.

Notwithstanding the foregoing, the Recoupment Period additionally includes any transition period (that results from a change in the Company's fiscal year) within or immediately following those three completed fiscal years, *provided* that a transition period between the last day of the Company's previous fiscal year end and the first day of its new fiscal year that comprises a period of nine (9) to twelve (12) months would be deemed a completed fiscal year.

(m) **"Restatement Date"** means the earlier of (i) the date that the Board (or a committee thereof, or the officer(s) of the Company authorized to take such action if Board action is not required) concludes, or reasonably should have concluded, that the Company is required to prepare an Accounting Restatement, and (ii) the date on which a court, regulator or other legally authorized body directs the Company to prepare an Accounting Restatement.

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(n) **"ROTCE"** means return on tangible common equity.

(o) **"TSR"** means total shareholder return.

2. Recoupment of Erroneously Awarded Compensation.

(a) In the event of an Accounting Restatement, if the amount of any Covered Compensation received by a Covered Executive (the **"Awarded Compensation"**) exceeds the amount of such Covered Compensation that would have otherwise been received by such Covered Executive if calculated based on figures included within financial statements that were restated pursuant to an Accounting Restatement (the **"Adjusted Compensation"**), the Company shall reasonably promptly recover from such Covered Executive an amount equal to the excess of the Awarded Compensation over the Adjusted Compensation (such excess amount, the **"Erroneously Awarded Compensation"**), subject to Sections (3)(b) and (3)(c) hereof. The Committee shall make all determinations regarding the amount of Erroneously Awarded Compensation.

(b) If (i) the Financial Reporting Measure applicable to the relevant Covered Compensation is a stock price or total shareholder return measure (or any measure derived wholly or in part from either of such measures) and (ii) the amount of Erroneously Awarded Compensation is not subject to mathematical recalculation directly from the information in the Accounting Restatement, then the amount of Erroneously Awarded Compensation shall be determined based on the Company's reasonable estimate of the effect of the Accounting Restatement on the Company's stock price or total shareholder return (or the derivative measure thereof) upon which such Covered Compensation was received and the Company shall maintain documentation of the determination of such reasonable estimate and provide the relevant documentation as required to the NYSE.

(c) The amount of Erroneously Awarded Compensation shall be calculated without regard to any taxes paid.

(d) For the avoidance of doubt, the Company's obligation to recover Erroneously Awarded Compensation is not dependent on (i) if or when the restated financial statements are filed with the Securities and Exchange Commission; or (ii) any fault of any Covered Executive for the accounting errors or other actions leading to an Accounting Restatement.

(e) Notwithstanding anything to the contrary in Sections 3(a) through (d) hereof, the Company shall not be required to recover any Erroneously Awarded Compensation in circumstances where non-recovery is expressly permitted by the Clawback Rules, including if both (x) the conditions set forth in either of clause (i) or (ii) below are satisfied and (y) the Committee (or, if there is no Compensation, Management Development and Succession Committee of the Board, a majority of the independent directors serving on the Board) has determined that recovery of the Erroneously Awarded Compensation would be impracticable:

- (i) the direct expense paid to a third party to assist in enforcing the recovery of the Erroneously Awarded Compensation under this Policy would exceed the amount of such Erroneously Awarded Compensation to be recovered; *provided* that, before concluding that it would be impracticable to recover any amount of Erroneously Awarded Compensation pursuant to this Section 3(e), the Company shall have first made a reasonable attempt to recover such Erroneously Awarded Compensation, document such reasonable attempt(s) to make such recovery, and provide that documentation to the NYSE; or
- (ii) recovery of the Erroneously Awarded Compensation would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the Company, to fail to meet the requirements of Sections 401(a)(13) or 411(a) of the U.S. Internal Revenue Code of 1986, as amended (the "Code").

(f) To the extent that a Covered Officer fails to repay all Erroneously Awarded Compensation to the Company when due, the Company shall take all actions reasonable and appropriate to recover such Erroneously Awarded Compensation from the applicable Covered Officer. The applicable Covered Officer shall be required to reimburse the Company for any and all expenses reasonably incurred (including legal fees) by the Company in recovering such Erroneously Awarded Compensation in accordance with the immediately preceding sentence.

3. **Method of Recovery.** The Committee shall determine, in its sole discretion, the manner and timing in which any Erroneously Awarded Compensation shall be recovered from a Covered Executive in accordance with applicable law, including, without limitation, by (i) requiring reimbursement of Covered Compensation previously paid in cash; (ii) seeking recovery of any gain realized on the vesting, exercise, settlement, sale, transfer, or other disposition of any equity or equity-based awards; (iii) offsetting the Erroneously Awarded Compensation amount from any compensation otherwise owed by the Company or any of its affiliates to the Covered Executive; (iv) cancelling outstanding vested or unvested equity or equity-based awards; and/or (v) taking any other remedial and recovery action permitted by applicable law. For the avoidance of doubt, except as set forth in Section 2(e), in no event may the Company accept an amount that is less than the amount of Erroneously Awarded Compensation; *provided* that, to the extent necessary to avoid any adverse tax consequences to the Covered Executive pursuant to Section 409A of the Code, any offsets against amounts under any nonqualified deferred compensation plans (as defined under Section 409A of the Code) shall be made in compliance with Section 409A of the Code.

4. **No Indemnification.** The Company shall not indemnify any Covered Executive, directly or indirectly, for any losses that such Covered Executive may incur in connection with the recovery of Erroneously Awarded Compensation pursuant to this Policy, including through the payment of insurance premiums or gross-up payments.

5. **Public Disclosures.** As required by the Clawback Rules, the Company shall provide public disclosures related to this Policy and any applicable recoveries of Erroneously Awarded Compensation.

6. **Administration.** This Policy shall be administered by the Committee. All decisions of the Committee shall be final, conclusive and binding upon the Company and the Covered Executives, their beneficiaries, executors, administrators and any other legal representative. The Committee shall have full power and authority to (i) administer and interpret this Policy, (ii) correct any defect, supply any omission, and reconcile any inconsistency in this Policy and (iii) make any other determination and take any other action that the Committee deems necessary or desirable for the administration of this Policy and to comply with applicable law (including Section 10D of the Exchange Act) and applicable stock market or exchange rules and regulations. Notwithstanding anything to the contrary contained herein, to the extent permitted by the Clawback Rules, the Board may, in its sole discretion, at any time and from time to time, administer this Policy.

7. **Amendment/Termination.** Subject to the Clawback Rules, this Policy may be amended or terminated by the Committee at any time. To the extent that any applicable law, or stock market or exchange rules or regulations require recovery of Erroneously Awarded Compensation in circumstances in addition to those specified herein, nothing in this Policy shall be deemed to limit or restrict the right or obligation of the Company to recover Erroneously Awarded Compensation to the fullest extent required by such applicable law, stock market or exchange rules and regulations. Unless otherwise required by applicable law, this Policy shall no longer be effective from and after the date that the Company no longer has a class of securities publicly listed on a United States national securities exchange. To

the extent the Clawback Rules cease to be in force or cease to apply to the Company, and unless otherwise required by applicable law, this Policy shall also cease to be in force.

8. **Interpretation.** Notwithstanding anything to the contrary herein, this Policy is intended to comply with the Clawback Rules (and any applicable regulations, administrative interpretations or stock market or exchange rules and regulations adopted in connection therewith). The provisions of this Policy shall be interpreted in a manner that satisfies such requirements, and this Policy shall be operated accordingly. If any provision of this Policy would otherwise frustrate or conflict with this intent, the provision shall be interpreted and deemed amended so as to avoid such conflict. In no event is this Policy

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intended to be broader than, or to require recoupment in addition to, that required pursuant to the Clawback Rules.

9. **Other Compensation Clawback/Recoupment Rights.** Any right of recoupment under this Policy is in addition to, and not in lieu of, any other remedies, rights, or requirements with respect to the clawback or recoupment of any compensation that may be available to the Company pursuant to the terms of any other recoupment or clawback policy of the Company (or any of its affiliates) that may be in effect from time to time, any provision in any employment agreement, offer letter, equity plan, equity award agreement or similar agreement and any other legal remedies available to the Company, as well as applicable law, stock market or exchange rules, listing standards or regulations; *provided, however*, that any amounts recouped or clawed back under any other policy or provision that would be recoupable under this Policy shall count toward any required clawback or recoupment under this Policy and vice versa.

10. **Exempt Compensation.** Notwithstanding anything to the contrary herein, the Company has no obligation to seek recoupment of amounts paid to a Covered Executive which are granted, vested or earned based solely upon the occurrence or non-occurrence of nonfinancial events. Such exempt compensation includes, without limitation, base salary, time-vesting awards, compensation awarded on the basis of the achievement of metrics that are not Financial Reporting Measures or compensation awarded solely at the discretion of the Committee or the Board, *provided*, that such amounts are in no way contingent on, and were not in any way granted on the basis of, the achievement of any Financial Reporting Measure.

11. **Miscellaneous.**

(a) Any applicable award agreement or other document setting forth the terms and conditions of any compensation covered by this Policy shall be deemed to include the restrictions imposed herein and incorporate this Policy by reference and, in the event of any inconsistency, the terms of this Policy will govern. For the avoidance of doubt, this Policy applies to all compensation that is received on or after the Effective Date, regardless of the date on which the award agreement or other document setting forth the terms and conditions of the Covered Executive's compensation became effective.

(b) This Policy shall be binding and enforceable against all Covered Executives and their beneficiaries, heirs, executors, administrators or other legal representatives.

(c) All issues concerning the construction, validity, enforcement and interpretation of this Policy and all related documents, including, without limitation, any employment agreement, offer letter, equity award agreement or similar agreement, shall be governed by, and construed in accordance with, the laws of the State of New York, without giving effect to any choice of law or conflict of law rules or provisions (whether of the State of New York or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of New York.

(d) The Covered Executives, their beneficiaries, executors, administrators, and any other legal representative and the Company shall initially attempt to resolve all claims, disputes or controversies arising under, out of or in connection with this Policy by conducting good faith negotiations amongst themselves. To ensure the timely and economical resolution of disputes that arise in connection with this Policy, unless you are bound by an arbitration agreement with the Company covering any dispute arising out of or in any way connected with Incentive-based Compensation, the United States District Court for the Southern District of New York or, if the United States District Court for the Southern District of New York does not have subject matter jurisdiction, the Supreme Court for the State of New York, New York County, shall have exclusive jurisdiction over any and all disputes, claims, or causes of action arising from or relating to the enforcement, performance or interpretation of this Policy. The Covered Executives, their beneficiaries, executors, administrators, and any other legal representative and the Company, shall not commence any suit, action or other proceeding arising out of or based upon this Policy except in the United States District Court for the Southern District of New York or any New York court, and hereby waive, and agree not to assert, by way of motion, as a defense, or otherwise, in any such suit, action or proceeding, any claim that such party is not subject to the jurisdiction of the above-

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named courts, that its property is exempt or immune from attachment or execution, that the suit, action or proceeding is brought in an inconvenient forum, that the venue of the suit, action or proceeding is improper or that this Policy or the subject matter hereof may not be enforced in or by such courts. To the fullest extent permitted by law, the Covered Executives, their beneficiaries, executors, administrators, and any other legal representative, and the Company, shall waive (and shall hereby be deemed to have waived) the right to resolve any such dispute through a trial by jury.

(e) If any provision of this Policy is determined to be unenforceable or invalid under any applicable law, such provision will be applied to the maximum extent permitted by applicable law and shall automatically be deemed amended in a manner consistent with its objectives to the extent necessary to conform to any limitations required under applicable law.

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