Morgan Stanley

Morgan Stanley Ecosystem

Morgan Stanley
1585 Broadway,
New York City, NY, 10036, USA
9212) 761-4000; www.morganstanley.com

Outside Relationships

Regulators

Trading Regulators

US Securities and Exchange Commission (SEC) and State Regulators *(Broker-Dealer, Security-Based Swap Dealers and Futures Commission Merchant Registration and Regulation, Including Net Capital Requirements; Investment Advisor Registration and Regulation)*

US Commodity, Futures, and Trading Commission (CFTC) *(Swap Dealers Registration and Regulation, including Net Capital Requirements; Derivatives Regulation; Regulates SEC-Registered Investment Advisors regarding Futures and Swaps-Related Trades)*

Securities, Derivatives, and Commodities Exchanges *(Trading Regulation)*

Financial Industry Regulatory Authority (FINRA) *(U.S. Securities Dealer Self-Regulation; Research-Related Regulation)*

European Financial Supervisory Regulators: UK Financial Conduct Authority, *UK Prudential Authority, London Stock Exchange, Bundesansalt Federal Financial Supervisory Authority, Deutsch Borse, European Central Bank, Financial Services Agency, Securities and Exchange Surveillance Commission*

Asia Financial Supervisory Regulators: Bank of Japan, Japan Securities Dealers Association, Japanese Securities and Futures Exchange, Securities and Futures Commission of Hong Kong, Hong Kong Monetary Authority, Monetary Authority of Singapore, Singapore Exchange Limited, Ireland, China, Korea, India and Australia Agencies

Capital

Senior and Subordinated Note Holders

Hedge Counter-parties

Suppliers

Professional Services Firms

Deloitte & Touche (Audit Services)

Capitol Tax Partners (Lobbying Services)

Martin Agency (Advertising Services)

Gana Weinstein (Litigation)

Kim & Chang (Korea Legal Services)

Linklaters (Global Legal Services)

Davis Polk (US Legal Services)

Clifford Chance (European Legal Services)

Allen & Ovary (European Legal Services)

Federal Reserve System

Mortgage-Back Securities Issuers

Federal National Mortgage Association (Fannie Mae)

Federal Home Loan Mortgage Corporation (Freddie Mac)

Federal Reserve System

As Borrower

Federal Funds Rate: 0% - 0.25%

As Lender

Federal Discount Rate: >0.25%

Customers

Wealth Management Customers

Retail Investors (High Wealth Individuals)

Small Businesses

Stock Plans

Medium-Sized Businesses

Institutions

Retail Banking Clients

Home Buyers

Retail Investors

Wealthy Individuals

Flows

- Senior and Subordinated Bond Financing
- Put Options and Swaps Relating to Senior Debt
- Professional Services
- Investment Adviser Registration, Derivative Regulation, and Broker-Dealer and Swaps Dealer Registration and Regulation
- Asset Management, Financial, Retirement and Wealth Planning, Advisory, and Stock Plan Administration Services
- Cash Deposits
- Home Mortgage, Securities Loans and Retail Banking Services
- Sales and Securitizations of Home Mortgages
- Park/Lend Excess Reserves with/to the Fed
- Loans from the Fed Discount Window

Morgan Stanley (a Delaware Corporation)

Liabilities Structure

Key Liabilities: $1.013T
Credit Ratings (Long Term Debt): A1 (Moody's, BBB+ (S&P), A (Fitch)

- Customer Deposits: $310.782B
- Trading Liabilities: $157.631B
- Customer Payables: $227.437B
- Parent Company Fixed Rate Debt (Maturing 2021 & Beyond): $133.417B @ 3.3% Average Annual Coupon
- Parent Company Variable Rate Debt (Maturing 2021 & Beyond): $26.406B @ 1.0% Average Annual Coupon
- Subsidiaries Fixed and Variable Rate Debt (Maturing 2021 & Beyond): $57.256B

Equity Structure

Equity

- Share Repurchase Program: *Authorized:* $6B; *2020 Purchases:* $1.347B; *Expiration:* None
- Preferred Stock: *Authorized:* 30 million shares; *Issued:* 11 series (A, C, E, F, H, I, J, K, L, M, N); *Outstanding:* 11 series
- Common Stock: *Authorized:* 3.5B shares; *Issued:* 2.039B shares; *Outstanding:* 1.810B shares; *Record Holders:* 54,039

Governance

Board of Directors

James P. Gorman (C)
Elizabeth Corley (NG)
Alistair Darling (A,R)
Thomas H. Glocer (C, NG)
Dennis M. Nally (A, C)
Hutham S. Olayan (C)
Jami Miscik (OT, R)
Robert H. Herz (A, NG)
Nobuyuki Hirano (R)
Shelley B. Leibowitz (A, OT)
Stephen J. Luczo (C, OT)
Takeshi Ogasawara (OT)
Mary L. Schapiro (NG)
Perry M. Traquina (OT, R)
Rayford Wilins, Jr. (C, NG)

Committees: Audit (A); Compensation, Management Development and Succession (C), Nominating and Governance (NG, Operations and Technology (OT), and Risk (R)

Management Team

- Chairman and CEO *James P. Gorman*
- Chief HR Officer *Mandell L. Crawley*
- Chief Financial Officer *Jonathan M. Pruzan*
- Head of Institutional Securities Edward N. Pick
- Head of Investment Management Services *Daniel A. Simkowitz*
- Head of Wealth Management *Andrew M. Saperstein*
- Head of Tech *Robert P. Rooney*
- Chief Risk Officer *Keishi Hotsuki*
- Chief Legal Officer *Eric F. Grossman*

Corporate Matters

Finance

Budget Support
Treasury
Line of Business Finances
Asset-Liability Management
Financial Reporting
FP&A
Corporate Investments

Accounting/Control

Corporate Tax
Accounting
Financial Controls
Oversight Policies

Internal Audit

Independent Assessments
Fraud Investigations

Public Affairs

Corporate Responsibility
Corporate Communications
Corporate Philanthropy
Government Relations
Public Policy
Sustainability
Community Relations

Human Resources

Hiring/Onboarding
Pension Plans
Compensation and Benefits
Immigration
Culture
Talent Development/Retention
Diversity and Inclusion
Team Member Care
Health and Wellness
Learning

Legal

Regulatory Affairs
Transactions
Contract Management
IP Management
Corporate Governance
Compliance
Real Estate
Litigation Management

Technology

Online Banking
Branch Technologies
Technology Innovation
Help Desk and Hotline
Cyber Security
Data Processing Systems

Corporate Risk

Credit Risk
Conduct Risk
Market Risk
Compliance Risk
Operational Risk
Information Security Risk

Operations

Wealth Management (2020 Revenues: $19.055B; 40%)

The Wealth Management segment offers brokerage and investment advisory services covering various types of investments, including equities, options, futures, foreign currencies, precious metals, fixed-income securities, mutual funds, structured products, alternative investments, unit investment trusts, managed futures, separately managed accounts, and mutual fund asset allocation programs.

Asset Management, Brokerage & Investment Advisory Services (via Morgan Stanley Smith Barney LLC)

- Capital Markets and Risk Management
- Special Wealth Advisory Services
- Investment Advice and Wealth Management (Primarily Actively Managed Portfolios)
- E*TRADE (Online Trading Platform for Retail Investors)

Financial, Wealth, and Retirement Planning Services

- Tax and Estate Planning
- Individual and Family Retirement Planning
- Institutional Retirement Planning

Stock Plan Administration Services

- Corporate Stock Plans (Digital Platform, Personalized Service in Over 240 Languages and Over 80 Currencies, Provides Educational Resources, Provides Access to Morgan Stanley Professionals)

Annuity and Insurance Products

- Annuities
- Life, Disability Income and Long-Term Care Insurance

Lending and Banking (via Morgan Stanley Private Bank, National Association)

- Private Wealth Management (Fully Integrated Wealth Management Plan Based on Individual Needs; Strategies Include Investing Assets, Transferring Wealth, Managing Risk, Maximizing Philanthropic Impact, Reducing Family Conflicts and Enhancing Individual's Lifestyles)
- Retail Securities-Based Lending Products (Primarily for Customers of Affiliate Retail Broker-Dealer, Morgan Stanley Smith Barney LLC)
- Deposit Products and Prime Custody Services
- Residential Real Estate Loans
- Other Secured Lending Products

Competition

UBS | Bank of America | JPMorgan Chase
Vanguard | Goldman Sachs | Wells Fargo
Credit Suisse | Charles Schwab | Citi Private Bank

Investment Management (2020 Revenues: $3.734B; 8%)

The Investment Management segment provides investment vehicles in equity, fixed income, alternative investments, real estate, and merchant banking strategies for institutional clients.

Liquidity Funds

- Government
- Government Securities
- Prime
- Tax Exempt
- Treasury Securities
- Treasury
- ESG Money Market

Bond Funds

- Short Duration Income Portfolio
- Ultra-Short Income Portfolio
- Ultra-Short Municipal Income Portfolio

Separately Managed Accounts

- Prime Liquidity Portfolio
- Customized Solutions

Competition

UBS | Blackrock
Vanguard | Fidelity
State Street | JPMorgan Chase

Institutional Securities (2020 Revenues: $25.948B; 54%)

The Institutional Services segment provides (a) financial advisory and capital-raising services, (b) equity securities trading execution services, fixed income products, and related financing services on behalf of institutional investors, and (c) commercial loans to corporate clients and commercial real estate developers and loans of securities to trading customers.

Investment Banking Services (2020 Revenues: $7.204 B)

- Capital Raising Services (Services Regarding Underwriting of Equity, Debt and Other Securities)
- Financial Advisory Services (Advice on Mergers and Acquisitions, Restructurings, Real Estate and Project Finance)

Business Metrics

- Advisory Revenues: $2.008 billion (Completed $867 Billion in M&A Transactions)
- Equity Underwriting Revenues: $3.09 billion (Completed $100 Billion in Equity Offerings)
- Fixed Income Underwriting Revenues: $2.104 billion (Completed $374 Billion in Fixed Income Offerings)

Sales and Trading Services (2020 Net Revenues: $18.792 B)

- Equity - Financing (Financing, Prime Brokerage, and Fund Administration Services to Clients Active in Equity Markets): Marginal Lending; Swaps; Securities Lending
- Equity – Execution Services (Executing and Clearing Client Trades on Stock and Derivative Exchanges): Trade Execution; OTC Transactions; Market Making
- Fixed Income (Market Making in Structured Products): Credit Products (Corporate Bonds, Mortgage-Backed Securities, Other Securitized Products, Related Derivative Instruments); Global Macro Products (Interest Rates, Foreign Exchange, Emerging Market Products); Commodities Products and Other (Electricity, Natural Gas, Oil, Metals, Related Derivative Instruments)

Institutional Lending (via Morgan Stanley Bank, N.A.)

- Origination of Corporate and Commercial Real Estate Loans
- Deposit Products
- Securities Lending Facilities
- Extending Financing to Sales and Trading Customers

Competition

Citigroup | Bank of America | Wells Fargo | JPMorgan Chase
Deutsche Bank | Barclays | Credit Suisse | Goldman Sachs
BlackRock | Vanguard | State Street | PIMCO

Flows

- General Business Conduct Regulation
- Investment Management Services
- Banking Regulation

Investment Management Customers

Foundations | Endowments | Third Party Fund Sponsors | Defined Benefit Contribution Plans | Sovereign Wealth Funds | Large Corporations | Government Entities | Insurance Companies | Private Equity Funds | Real Estate and Infrastructure Funds

Outside Relationships

Customers

Investment Banking Customers

Advisory
- Acquirors
- Acquisition Targets

Underwriting
- Domestic Companies
- Foreign Companies
- Domestic Governments
- Foreign Governments

Sales and Trading Customers

- Corporations
- Financial Institutions
- Governments
- Ultra-High Net Worth Clients

Institutional Lending Customers

- Large Institutional Investors
- Trading Customers
- Commercial Real Estate Developers
- Corporate Borrowers

Suppliers

Capital

Significant Shareholders

- Vanguard Group (6.04%)
- T. Row Price Associates (5.44%)
- BlackRock Fund Advisors (3.39%)
- JP Morgan Investment Management (2.27%)
- Fidelity Management & Research (1.74%)
- Institutional Ownership: 67.25%

Regulators

Securities Regulators

SEC (Securities Law Disclosure and Financial Reporting Requirements; Anti-Bribery Law)

New York Stock Exchange (Listing and Maintenance Requirements)

Flows

- Securities Regulation and Stock Exchange Listing Rules
- Equity Capital
- Dividend Distributions and Common Stock Repurchases
- M&A and Restructuring Advisory Services
- Debt and Equity Securities Offerings
- Equity Trading Services and Fixed Income Products Sales
- Commercial and Real Estate Loans and Loan Syndications

Key Company Data (as of 12/31/2020)

Share Data

- Stock Exchange: NYSE
- Ticker Symbol: MS
- Share Price: $91.69 (as of 06/30/2021)
- 2020 EPS: $6.55
- EPS (Trailing 12 Months): $7.64
- Forward Annual Dividend: $2.80
- Market Cap: $169.87B

Resources

- 68,000 Employees
- New York City Headquarters
- 1,200 Offices
- Offices in 39 Countries

Financial Highlights

Income Statement

- Net Revenues: $48.198B
- Net Interest: $6.313B
- Non-Interest Expenses: $33.78B
- Net Income: $11.179B

Balance Sheet

- Total Assets: $1.116T
- Total Liabilities: $1.013T
- Deposits: $310.782B
- Borrowings: $217.1B
- Equity: $103.149B

Cash Flows

- From Operations: -$25.231B
- From Investing Activities: -$37.898B
- From Financing Activities: $83.784B

Background

Business Description: Founded in 1935 by Harold Stanley and Henry S. Morgan, today Morgan Stanley operates as a global financial services company and is both a bank holding company and a financial holding company regulated by the Board of Governors of the Federal Reserve System. The company provides investment banking products and services to its clients and customers including corporations, governments, financial institutions, and individuals. It operates through the following business segments: Institutional Securities, Wealth Management, and Investment Management.

Core Values: (1) Do the Right Thing, (2) Put Clients First, (3) Lead With Exceptional Ideas, (4) Commit to Diversity and Inclusion, and (5) Give Back.

Key Business Conduct Regulators

- Office of Cybersecurity and Infrastructure Agency (CISA) and Foreign Counterparts (Regulation of Cybersecurity Threats to Critical Physical and Cyber Infrastructure)
- U.S. Department of the Treasury and Foreign Counterparts (Anti-Money Laundering; Prohibited Transactions with Parties Who are Threats to U.S. Security)
- SEC and Foreign Counterparts (Anti-Bribery and Corrupt Practices Laws)
- European Commission, U.S. and Other Foreign Privacy Regulators (Data Privacy; Use of Customer Information Regulation)

Bank Regulators

- Federal Reserve Board (Comprehensive Consolidated Supervision, Regulation And Examination of Morgan Stanley as a Bank Holding Company and Financial Holding Company, including Review of Expansion Plans, Limits on Activities, Capital and Liquidity Requirements (e.g., Prohibits Unsound Dividends and Requires Liquidity Stress Tests), Derivative Activities Regulation, and Volcker Rule Compliance (e.g., No Proprietary Trading Activities for Banks Except for Underwriting, Market Making, Risk-Mitigating, Hedging; Requires Implementation of Comprehensive Compliance Program); Requires Resolution And Recovery Plan In Case Morgan Stanley Banks Fail); Limitation of Affiliate Transactions with Banks)
- Federal Deposit Insurance Corporation ($250,000 of Deposit Insurance Per Depositor; Prohibits Unsound Dividends; Requires Resolution and Recovery Plan in Case Morgan Staley Banks Fail)
- Office of the Comptroller of the Currency (OCC) (Depository Institution Regulation; Enforces Capital and Liquidity Requirements for, and Prohibits Unsound Dividends by, Morgan Stanley Bank, N.A. And Morgan Stanley Private Bank, National Association)
- U.S. Consumer Financial Protection Bureau (Rulemaking, Enforcement and Examination Authority Regarding Federal Consumer Protection Laws)
- UK Financial Conduct Authority (Bank Examiner and Regulatory Capital Requirements)
- UK Prudential Regulatory Authority (Bank Examiner)
- European Central Bank (Europe Bank Examiner; Regulatory Capital Requirements within the European Single-Supervisory Mechanism)

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