
Morgan Stanley International Limited
Country by Country Reporting (“CBCR”)
Year ended 31 December 2015

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Overview of the reporting requirement

Article 89 of the Capital Requirements Directive (“CRD IV”) sets out a Country by Country Reporting (“CBCR”) obligation on CRD IV regulated entities. This obligation was transposed into United Kingdom (“UK”) law under Statutory Instrument 2013 No. 3118 Capital Requirements (Country-by-Country Reporting) Regulations 2013.

Morgan Stanley International Limited Group

A single consolidated disclosure has been prepared for the Morgan Stanley International Limited (“MSI”) Group for the year ended 31 December 2015, which incorporates Morgan Stanley’s UK CRD IV regulated entities and subsidiaries and branches of such regulated entities.

The MSI Group is a wholly owned sub-group of the Morgan Stanley Group. The Morgan Stanley Group is a global financial services firm that maintains significant market positions in each of its business segments: Institutional Securities, Wealth Management and Investment Management. The Morgan Stanley Group 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. The MSI Group is a key contributor to the execution of the Morgan Stanley Group’s Institutional Securities strategy in Europe, the Middle East and Africa (“EMEA”). The MSI Group provides capital raising; financial advisory services, including advice on mergers and acquisitions, restructurings, real estate and project finance; corporate lending; sales, trading, financing and market-making activities in equity and fixed income securities and related products, including foreign exchange and commodities; and investment activities.

Whilst the MSI Group is a material sub-group, the information disclosed in this document is not necessarily indicative of the Morgan Stanley Group as a whole, nor is the information comprehensively representative of the Morgan Stanley Group’s activity in any particular region.

Country disclosure by entity

Pages 6 to 9 of this document provides a list of all legal entities and branches of the MSI Group as at 31 December 2015, including details of the nature of activities of each entity and geographical location. The majority of entities have been classified as financial services related entities, with CRD IV UK regulated entities also noted.

Overview of the CBCR table

The CBCR table on page 5 sets out information on turnover, profits before tax generated, corporate income tax paid and received and number of employees for the MSI Group for the year ended 31 December 2015, split by geographical location. The MSI Group did not receive any public subsidies during the year ended 31 December 2015 that are required to be reported within this disclosure.

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Overview of the CBCR table (continued)

Turnover and profit before tax amounts are reported in accordance with the basis of preparation detailed in the MSI Group 2015 consolidated non statutory financial information. Whilst corporate income tax amounts disclosed below are on a cash paid basis, in accordance with CBCR requirements. Corporate income tax paid and received in the year will not directly correspond to accounting profits and losses reported in the same year due to timing differences as a portion of the payments will relate to prior years.

Information disclosed below contains details of corporate income tax paid and received and withholding taxes suffered; however, the MSI Group incurs a range of other taxes which do not form part of this disclosure, including UK Bank Levy, social security and VAT. If these taxes had been disclosed this would have significantly increased the value of taxes paid by the MSI Group during the year ended 31 December 2015.

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Independent Country-by-Country Reporting Assurance Report to the Members of Morgan Stanley International Limited

We have been engaged by the Directors of Morgan Stanley International Limited (“the Group”) to conduct a reasonable assurance engagement relating to the Country-by-Country Reporting (“CBCR”) disclosures set out on pages 1-2 and 5-11 for the year ended 31 December 2015.

In our opinion, the Country-by-Country Reporting disclosures for the year ended 31 December 2015 have been prepared, in all material respects, in accordance with the Capital Requirements (Country-by-Country Reporting) Regulations 2013 (“the Regulations”).

Respective responsibilities of the directors and assurance provider

The Directors are responsible for preparing the CBCR disclosures in accordance with the Regulations, for the appropriateness of the basis of preparation and the Interpretation of the Regulations as they affect the preparation of the schedule, and for such internal control as the directors determine is necessary to enable the preparation of the disclosure that is free from material misstatement, whether due to fraud or error.

Our responsibility is to express a conclusion on the CBCR disclosures based on our procedures. We conducted our engagement in accordance with International Standard on Assurance Engagements ISAE 3000 (Revised) Assurance Engagements Other than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board (IAASB), in order to state whether the CBCR disclosures have been prepared, in all material respects, in accordance with the Regulations.

Our engagement provides reasonable assurance as defined in ISAE 3000 (Revised). Reasonable assurance means a high but not absolute level of assurance. Absolute assurance is very rarely attainable as a result of factors such as the following: the use of selective testing, the inherent limitations of internal control, the fact that much of the evidence available to us is persuasive rather than conclusive and the use of judgement in gathering and evaluating evidence and forming conclusions based on that evidence.

Our procedures consisted primarily of:

- Obtaining an understanding of the Group’s business, including the design and implementation of internal control relevant to collection of the information used to prepare the CBCR disclosures. This included discussions with Group management responsible for the CBCR disclosures;
- considering the risk of material misstatement of the CBCR disclosures;
- testing the operating effectiveness of internal controls over collection and aggregation of the data underlying the CBCR disclosures. This testing was designed to provide evidence to support our opinion on the CBCR disclosures and not for the purpose of expressing an opinion on the effectiveness of those internal controls; and
- testing underlying data on a sample basis.

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Independent Country-by-Country Reporting Assurance Report to the Members of Morgan Stanley International Limited (continued)

Basis of Preparation and Restriction of Distribution

Our report is made solely to the Group’s members, as a body, in accordance with ISAE 3000 (Revised). Our work has been undertaken so that we might state to the Group those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Group and the Group’s members as a body for our work, this report, or for the conclusions we have formed.

Without modifying our opinion, we draw attention to the fact that the schedule may not be suitable for any other purpose other than meeting the requirements of the Regulations, in accordance with which it has been prepared.

Independence

In conducting our engagement, we have complied with the ICAEW Code of Ethics.



James Polson for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, UK

14 December 2016

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Country by Country Reporting table for the year ended 31 December 2015

Country	Turnover (\$MM)	Profit before tax (\$MM)	Corporate income tax paid/(received) (\$MM)	Full time equivalent number of employees
UNITED KINGDOM	5,033	530	33	4,803
FRANCE	238	133	11	102
SOUTH KOREA	122	61	13	127
RUSSIAN FEDERATION	69	16	1	73
ITALY	50	10	2	63
REPUBLIC OF TAIWAN	31	7	1	50
PEOPLE'S REPUBLIC OF CHINA	31	18	2	42
UNITED ARAB EMIRATES	22	2	-	37
SWITZERLAND	19	2	-	25
DENMARK	15	12	-	-
NETHERLANDS	14	4	2	7
LUXEMBOURG	8	5	4	13
SPAIN	7	7	2	-
GERMANY	6	1	(1)	7
JERSEY	6	6	-	-
POLAND	4	-	-	6
QATAR	2	1	-	2
GREECE	1	-	-	1
SUB TOTAL	5,678	815	70	5,358
WITHHOLDING TAX	-	-	113	-
INTER-COUNTRY ELIMINATIONS	(17)	-	-	-
TOTAL	5,661	815	183	5,358

Notes on the disclosure:

Balances disclosed above are rounded to the nearest \$million with respect to turnover, profit before tax and corporate income tax paid/ (received).

Country: Country location under which an entity’s activity is reported is primarily based on the country of incorporation/legal registration and on other factors such as the tax residence. In most cases all of these factors are consistent; however, where they differ the tax residence of an entity has been used as the determining factor in classifying activities.

Turnover: Turnover is defined as ‘net gains on financial instruments classified as held for trading’, ‘net gains on financial instruments designated at fair value through profit or loss’, ‘net gains on available-for-sale financial assets’, ‘interest income’ net of ‘interest expense’ and ‘other income’. Turnover amounts per country are disclosed net of intra-country eliminations.

Profit/ before tax: represents accounting profits/ (losses) under UK GAAP.

Corporate income tax paid/ (received): details the value of corporate income tax paid/ (received) on a cash basis, in addition to withholding tax. Withholding tax comprises the tax charged on dividends or other income received, which is typically paid at the point of a distribution from one country to another. For the year ended 31 December 2015 the UK entities of the MSI Group had \$113MM of withholding tax deducted from their overseas income. Under UK tax rules, where a UK entity is taxed on its worldwide income, the withholding tax deducted can be offset against its UK corporation tax in order to prevent the same income being taxed twice. The withholding tax deducted has been disclosed separately from corporation income tax paid/ (received) by country in the table above. See page 2 for further information.

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Full time equivalent number of employees: is the average full time equivalent number of employees for the year legally employed by entities within the MSI Group, excluding contractors.

Inter-country eliminations: represents the elimination of intra-group cross-border turnover.

Country Disclosure by Entity for year ended 31 December 2015

Details of the subsidiaries and branches of the MSI Group as at 31 December 2015 are as follows:

Name of Subsidiary/Branch	Geographical Location	Nature of Activities
MORGAN STANLEY EQUITY FINANCE (DENMARK) APS	DENMARK	FINANCIAL SERVICES
MORGAN STANLEY & CO. INTERNATIONAL PLC (PARIS BRANCH)	FRANCE	FINANCIAL SERVICES
MORGAN STANLEY (FRANCE) SAS	FRANCE	FINANCIAL SERVICES
MORGAN STANLEY BANK INTERNATIONAL LIMITED NIEDERLASSUNG DEUTSCHLAND (GERMAN BRANCH)	GERMANY	DORMANT
MORGAN STANLEY HAVEL GMBH	GERMANY	HOLDING COMPANY
MORGAN STANLEY INVESTMENT MANAGEMENT LIMITED (GERMAN BRANCH)	GERMANY	FINANCIAL SERVICES
MORGAN STANLEY WERTPAPIERE GMBH	GERMANY	FINANCIAL SERVICES
MORGAN STANLEY INVESTMENT MANAGEMENT LIMITED (GREECE BRANCH)	GREECE	FINANCIAL SERVICES
MORGAN STANLEY BANK INTERNATIONAL LIMITED (MILAN BRANCH)	ITALY	FINANCIAL SERVICES
MORGAN STANLEY INVESTMENT MANAGEMENT LIMITED (MILAN BRANCH)	ITALY	FINANCIAL SERVICES
COTTENDEN FINANCING UNLIMITED	JERSEY	FINANCIAL SERVICES
MORGAN STANLEY & CO. INTERNATIONAL PLC (SEOUL BRANCH)	SOUTH KOREA	FINANCIAL SERVICES
MORGAN STANLEY BANK INTERNATIONAL LIMITED (SEOUL BRANCH)	SOUTH KOREA	FINANCIAL SERVICES
MORGAN STANLEY CORPORATE HOLDINGS (LUXEMBOURG)	LUXEMBOURG	HOLDING COMPANY
MORGAN STANLEY EQUITY DERIVATIVE SERVICES (LUXEMBOURG) S.A R.L	LUXEMBOURG	FINANCIAL SERVICES
MORGAN STANLEY EQUITY INVESTMENTS (LUXEMBOURG)	LUXEMBOURG	HOLDING COMPANY
MORGAN STANLEY GRUND S.A.R.L	LUXEMBOURG	FINANCIAL SERVICES
MORGAN STANLEY INVESTMENT MANAGEMENT LIMITED (LUXEMBOURG BRANCH)	LUXEMBOURG	FINANCIAL SERVICES
MORGAN STANLEY EQUITY FINANCE (MALTA) LIMITED	MALTA	FINANCIAL SERVICES
GLOBAL EQUITY HIGH YIELD FUND B.V.	NETHERLANDS	FINANCIAL SERVICES
MORGAN STANLEY & CO. INTERNATIONAL PLC (AMSTERDAM BRANCH)	NETHERLANDS	FINANCIAL SERVICES
MORGAN STANLEY DERIVATIVE PRODUCTS (NETHERLANDS) B.V.	NETHERLANDS	FINANCIAL SERVICES
MORGAN STANLEY EQUITY HOLDING (NETHERLANDS) B.V.	NETHERLANDS	FINANCIAL SERVICES
MORGAN STANLEY INVESTMENT MANAGEMENT LIMITED (NETHERLANDS BRANCH)	NETHERLANDS	FINANCIAL SERVICES

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Name of Subsidiary/Branch	Geographical Location	Nature of Activities
MORGAN STANLEY BANK INTERNATIONAL (CHINA) LIMITED	PEOPLE'S REPUBLIC OF CHINA	FINANCIAL SERVICES
MORGAN STANLEY BANK INTERNATIONAL (CHINA) LIMITED (BEIJING BRANCH)	PEOPLE'S REPUBLIC OF CHINA	FINANCIAL SERVICES
MORGAN STANLEY & CO INTERNATIONAL PLC (WARSAW BRANCH)	POLAND	FINANCIAL SERVICES
MORGAN STANLEY DERIVATIVE PRODUCTS (PORTUGAL), UNIPessoal LDA	PORTUGAL	FINANCIAL SERVICES
MORGAN STANLEY & CO. INTERNATIONAL PLC (QFC BRANCH)	QATAR	FINANCIAL SERVICES
OOO MORGAN STANLEY BANK	RUSSIAN FEDERATION	FINANCIAL SERVICES
CLEARCREEK, S.L.U.	SPAIN	FINANCIAL SERVICES
MORGAN STANLEY DERIVATIVE PRODUCTS SPAIN S.L.	SPAIN	FINANCIAL SERVICES
MORGAN STANLEY EQUITY FINANCING SERVICES (SWEDEN) AB	SWEDEN	FINANCIAL SERVICES
MORGAN STANLEY & CO. INTERNATIONAL PLC, LONDON, (ZURICH BRANCH)	SWITZERLAND	FINANCIAL SERVICES
MORGAN STANLEY TAIWAN LIMITED	REPUBLIC OF TAIWAN	FINANCIAL SERVICES
MORGAN STANLEY & CO. INTERNATIONAL PLC (DIFC BRANCH)	UNITED ARAB EMIRATES	FINANCIAL SERVICES
MORGAN STANLEY EQUITY TRADING (DIFC) LIMITED	UNITED ARAB EMIRATES	FINANCIAL SERVICES
MORGAN STANLEY INVESTMENT MANAGEMENT LIMITED – (DIFC BRANCH)	UNITED ARAB EMIRATES	FINANCIAL SERVICES
CABOT 38 LIMITED	UNITED KINGDOM	HOLDING COMPANY
DRAKE II INVESTMENTS LIMITED	UNITED KINGDOM	FINANCIAL SERVICES
EAST SUSSEX FINANCING LIMITED	UNITED KINGDOM	HOLDING COMPANY
MORGAN STANLEY & CO INTERNATIONAL PLC	UNITED KINGDOM	FINANCIAL SERVICES
MORGAN STANLEY & CO. LIMITED	UNITED KINGDOM	FINANCIAL SERVICES
MORGAN STANLEY AMALTHEA UK LIMITED	UNITED KINGDOM	SERVICE COMPANY
MORGAN STANLEY ANGEL LIMITED	UNITED KINGDOM	FINANCIAL SERVICES
MORGAN STANLEY BANK INTERNATIONAL LIMITED	UNITED KINGDOM	FINANCIAL SERVICES
MORGAN STANLEY BOWLINE LIMITED	UNITED KINGDOM	HOLDING COMPANY
MORGAN STANLEY BRAMLEY INVESTMENTS LIMITED	UNITED KINGDOM	FINANCIAL SERVICES
MORGAN STANLEY CLIENT SECURITIES NOMINEES LIMITED	UNITED KINGDOM	NOMINEE COMPANY
MORGAN STANLEY COOPER INVESTMENTS LIMITED	UNITED KINGDOM	FINANCIAL SERVICES
MORGAN STANLEY DEAN WITTER EMPLOYEE TRUST	UNITED KINGDOM	SERVICE COMPANY
MORGAN STANLEY DOLOR LIMITED	UNITED KINGDOM	HOLDING COMPANY
MORGAN STANLEY EQUITY FINANCING LIMITED	UNITED KINGDOM	FINANCIAL SERVICES

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MORGAN STANLEY EQUITY INVESTMENTS (UK) LIMITED	UNITED KINGDOM	FINANCIAL SERVICES
MORGAN STANLEY FINANCE (C.I.) LIMITED	UNITED KINGDOM	FINANCIAL SERVICES
MORGAN STANLEY GROUP (EUROPE)	UNITED KINGDOM	HOLDING COMPANY
MORGAN STANLEY HEYTHORP INVESTMENTS	UNITED KINGDOM	HOLDING COMPANY
MORGAN STANLEY HUMBOLDT INVESTMENTS LIMITED	UNITED KINGDOM	FINANCIAL SERVICES
MORGAN STANLEY INTERNATIONAL LIMITED	UNITED KINGDOM	INVESTMENT HOLDING COMPANY
MORGAN STANLEY INVESTMENT MANAGEMENT (ACD) LIMITED	UNITED KINGDOM	INVESTMENT MANAGEMENT
MORGAN STANLEY INVESTMENT MANAGEMENT LIMITED	UNITED KINGDOM	INVESTMENT MANAGEMENT
MORGAN STANLEY INVESTMENTS (UK)	UNITED KINGDOM	HOLDING COMPANY
MORGAN STANLEY KOCHI LIMITED	UNITED KINGDOM	HOLDING COMPANY
MORGAN STANLEY LANGTON LIMITED	UNITED KINGDOM	HOLDING COMPANY
MORGAN STANLEY LANGTREE INVESTMENTS B.V.	UNITED KINGDOM	FINANCIAL SERVICES
MORGAN STANLEY LONGCROSS LIMITED	UNITED KINGDOM	HOLDING COMPANY
MORGAN STANLEY MALLARD INVESTMENTS LIMITED	UNITED KINGDOM	HOLDING COMPANY
MORGAN STANLEY MAPLE INVESTMENTS LIMITED	UNITED KINGDOM	FINANCIAL SERVICES
MORGAN STANLEY MILLBRAE INVESTMENTS B.V.	UNITED KINGDOM	FINANCIAL SERVICES
MORGAN STANLEY MONTGOMERIE INVESTMENTS LIMITED	UNITED KINGDOM	HOLDING COMPANY
MORGAN STANLEY MONTROSE INVESTMENTS LIMITED	UNITED KINGDOM	FINANCIAL SERVICES
MORGAN STANLEY NORTHCOTE INVESTMENTS LIMITED	UNITED KINGDOM	HOLDING COMPANY
MORGAN STANLEY PENSION TRUSTEE LIMITED	UNITED KINGDOM	TRUSTEE SERVICES
MORGAN STANLEY RIVELINO INVESTMENTS LIMITED	UNITED KINGDOM	HOLDING COMPANY
MORGAN STANLEY SECURITIES LIMITED	UNITED KINGDOM	FINANCIAL SERVICES
MORGAN STANLEY SERVICES (UK) LIMITED	UNITED KINGDOM	SERVICE COMPANY
MORGAN STANLEY SILVERMERE LIMITED	UNITED KINGDOM	HOLDING COMPANY
MORGAN STANLEY STRATEGIC FUNDING LIMITED	UNITED KINGDOM	HOLDING COMPANY
MORGAN STANLEY STRATEGIC INVESTMENTS LIMITED	UNITED KINGDOM	FINANCIAL SERVICES
MORGAN STANLEY TOSTAO LIMITED	UNITED KINGDOM	FINANCIAL SERVICES
MORGAN STANLEY TRUSTEE LIMITED	UNITED KINGDOM	TRUSTEE SERVICES
MORGAN STANLEY TURNBERRY LIMITED	UNITED KINGDOM	HOLDING COMPANY
MORGAN STANLEY UK GROUP	UNITED KINGDOM	SERVICE COMPANY

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Name of Subsidiary/Branch	Geographical Location	Nature of Activities
MORGAN STANLEY UK LIMITED	UNITED KINGDOM	SERVICE COMPANY
MORGAN STANLEY WATERLOO LIMITED	UNITED KINGDOM	FINANCIAL SERVICES
MORSTAN NOMINEES LIMITED	UNITED KINGDOM	NOMINEE COMPANY
SHAVANO COOPERATIEVE U.A.	UNITED KINGDOM	FINANCIAL SERVICES
V2 MUSIC (HOLDINGS) LIMITED (IN MEMBERS' VOLUNTARY LIQUIDATION)	UNITED KINGDOM	HOLDING COMPANY