Solium Capital UK Limited

Investment Firm Prudential Regime Disclosures Report

As at 31 December 2022

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1. Overview and Key Metrics

The principal activity of Solium Capital UK Limited ("SCUK") is to provide cloud-enabled services for global equity-based incentive plans; including administration, financial reporting and compliance. SCUK is part of the Morgan Stanley at Work ("MSAW") business segment which is part of the Morgan Stanley ("MS") Group Wealth Management division.

SCUK is an investment firm authorised under the UK Markets in Financial Instruments Directive ("MiFID") to provide a range of services and activities to investors in financial markets. SCUK is prudentially authorised and regulated in the UK by the Financial Conduct Authority ("FCA").

SCUK's disclosure as at 31 December 2022 has been prepared on a standalone basis. The disclosures fulfil SCUK's regulatory obligation to disclose to market participants key pieces of information on its risk management objectives and policies, own funds, own funds requirements and remuneration policies.

The information presented below for SCUK is reflective of the facts and circumstances that existed as at 31 December 2022.

Table 1: Key Metrics

SCUK	Amount (GBP thousands)
Common Equity Tier 1 Capital ("CET1")	28,927
Additional Tier 1 Capital("AT1")	-
Tier 1 Capital	**28,927**
Tier 2 Capital	**-**
Total Own Funds	**28,927**
Permanent Minimum Capital Requirement	150
Fixed Overheads Requirement	6,017
Total K-Factor Requirement	1,252
Assets for which the firm is responsible (K-AUM, K-CMH & K-ASA)	1,162
Execution activity undertaken by the firm (K-COH & K-DTF)	3
Exposure-based risks (K-NPR, K-CMG, K-TCD & K-CON)	87
Own Funds Requirement	**6,017**

The Own Funds Requirement is equal to the higher of: a) Permanent minimum capital requirement, b) Fixed Overheads Requirement ("FOR") or c) K-Factor Requirement ("KFR").

The FOR is a proxy for the amount of own funds which must be held to allow the firm to wind-down in an orderly way. The FOR is equal to 25% of the firm's annual relevant expenditure.

The KFR is the amount of own funds required to cover the risk of harm from the ongoing operation of the firm's business falling within the following risk categories:

- Assets for which the firm is responsible captures the value of assets an investment firm manages for its clients ("K-AUM"), amount of client money it holds ("K-CMH") and value of assets it safeguards and administers for clients ("K-ASA").
- Execution activity undertaken by the firm captures the value of orders that an investment firm handles for clients ("K-COH") and the daily value of transactions it enters through dealing on own account or the execution of orders on behalf of clients ("K-DTF").
- Exposure-based risks captures standardised market risk provisions ("K-NPR"), margin required by a clearing member or qualifying central counterparty ("K-CMG"), trading activity giving rise to risk of trading counterparty default ("K-TCD") and concentration risk to a client or group of connected clients in the trading book ("K-CON").

The KFR provides for risk sensitive capital requirements based on the activities of the firm. The relevant K-Factors to SCUK's activities are K-CMH, K-ASA, K-COH and K-NPR.

Morgan Stanley Group

SCUK's ultimate parent undertaking and controlling entity is Morgan Stanley, a Delaware corporation which, together with its consolidated subsidiaries, form the Morgan Stanley Group. Morgan Stanley is a "Financial Holding Company" as defined by the Bank Holding Company Act of 1956, as amended, and is subject to regulation and oversight of the Board of Governors of the Federal Reserve System.

SCUK is a wholly owned subsidiary of the Morgan Stanley Group. The information disclosed in this document is not necessarily indicative of the Morgan Stanley Group as a whole, nor is it comprehensively representative of the Morgan Stanley Group's activity in any particular region. Investors, stakeholders, creditors or other users seeking information on capital adequacy, liquidity, risk exposure and risk management policies should consult the public disclosures of Morgan Stanley Group.

Details of the latest Morgan Stanley Group Pillar 3 disclosure can be accessed at http://www.morganstanley.com/about-us-ir/pillar-us.

Morgan Stanley is listed on the New York Stock Exchange and is required, by the US Securities and Exchange Commission, to file public disclosures, including Annual Reports on Form 10-K and Quarterly Reports on Form 10-Q. These can be accessed at https://www.morganstanley.com/pub/content/msdotcom/en/about-us-ir/sec-filings.

2. Regulatory Frameworks

The Investment Firm Prudential Regime ("IFPR"), effective date 1 January 2022, sets out a regulatory framework applicable to UK investment firms authorised under the UK Markets in Financial Instruments Directive ("MiFID"). Prior to the implementation of the IFPR, smaller investment firms, such as SCUK, were subject to the application of Basel Committee Banking Supervision ("BCBS") standards which are designed for internationally active banking groups. The IFPR aims to provide a proportionate and streamlined regulatory framework for the non-systemic investment firms prudentially regulated in the UK.

Under the IFPR Framework, investment firms are split into three categories:

1. Designated Investment Firms - firms designated by the Prudential Regulation Authority ("PRA") under article 3 of the PRA-regulated Activities Order, which remain subject to a BCBS based capital regime.
2. Non small and non-interconnected ("non-SNI") firms - firms that do not meet definition of a small and non-interconnected ("SNI") investment firm, which are subject to full IFPR requirements.
3. SNI firms - firms which meet all the required SNI thresholds and conditions set out by the FCA, which are subject to reduced IFPR requirements.

SCUK is a non-SNI investment firm and is subject to full IFPR requirements implemented by the FCA via the MIFIDPRU Prudential sourcebook.

The IFPR framework applies: 1) minimum capital and liquidity requirements, 2) additional own funds requirements calculated based on additional risks as identified by the firm or relevant competent authority, and 3) for non-SNI firms, a public disclosures requirement.

SCUK has policies and procedures in place to assess the appropriateness of its disclosures. The disclosures are not required to be, and have not been, audited. The disclosures have been prepared as at 31 December 2022 on the basis of the IFPR and related legislation requirements.

SCUK only has voting rights in its subsidiaries.

3. Capital Management

SCUK manages and monitors its capital in line with established policies and procedures and in compliance with local regulatory requirements. In line with Morgan Stanley Group capital management policies. The appropriate level of capital is determined at a legal entity level to safeguard that entity's ability to continue as a going concern and ensure that it meets all regulatory capital requirements. SCUK conducts an Internal Capital Adequacy and Risk Assessment (“ICARA”) at least annually to meet its obligations under the FCA Handbook.

The ICARA is a key tool to ensure that SCUK has appropriate systems and controls in place to identify, monitor, and, if proportionate, reduce all material potential harms:

a) that the ongoing operation of the business may cause to: clients and counterparties, the markets in which the firms operate, and the firm itself; and

b) that may result from winding down the business, to ensure that SCUK can be wound down in an orderly manner.

The ICARA enables SCUK to:

a) remain financially viable throughout the economic cycle, with the ability to address any potential material harms that may result from its ongoing activities; and

b) to enable SCUK to conduct an orderly wind-down while minimising harm.

If required, the FCA may provide individual guidance to SCUK about the amount of own funds that the FCA considers is necessary to comply with the overall financial adequacy rule. Alternatively, the FCA may apply a requirement to the firm that specifies an amount of own funds that the firm must hold for that purpose.

In order to maintain or adjust its capital structure, SCUK may pay dividends, return capital to its shareholders or issue new shares.

4. Risk Management

SCUK is firmly embedded into both MSAW's and MS Group's mature risk management framework, leveraging centrally organised resources, as required. Resources include MS Group policies, procedures and standards as they relate to Credit, Market and Operational Risk disciplines. Licenced and regulated by the FCA, SCUK also maintains its own set of documentation governing regulated activities.

SCUK's Risk Management Framework is summarised below:

Risk appetite – The documenting of SCUK's overall attitude to risk and the ranges of acceptable risk-taking.

Risk policies – Strategies for managing the risks in the environment in which SCUK operates, to ensure residual risk exposures are those within appetite.

Risk identification and assessment – Tools that help managers identify and evaluate the risks to which SCUK may be exposed so that they can be managed in line with risk policies.

Risk management reporting – How SCUK reports and reviews ongoing and emerging risks and assesses actual risk levels relative to the risk thresholds set in risk appetite.

Risk committees – MS Group and SCUK's structure of committees oversee the management of risks and challenges how the risk framework is operating.

Culture and reward – Performance measures that focus on the delivery of effective risk management, business and customer strategy, and culture.

Risk Management Structure and Operations

SCUK operates within the FCA's prescribed Senior Manager and Certified Regime framework governing senior management accountability for their conduct and competence. The SCUK's Senior Managers include but are not limited to its Chief Executive (SMF1), Compliance oversight (SMF16), Money Laundering Reporting Officer (SMF17), and senior manager responsible for Client Assets operational oversight and transaction reporting, amongst others.

SCUK operates within defined risk parameters articulated in the SCUK risk appetite statement, the level of risk it is willing to assume in achieving its strategic goals in line with the interests and expectations of its parent company, Morgan Stanley, and its stakeholders.

The SCUK Risk Management Committee ("RMC") is managed by its Risk function. The purpose of the RMC is to report on, and challenge, risk exposure measured against risk appetite and to monitor and challenge risk remediation. The RMC reports up to the SCUK Board and the SCUK Risk function is integrated into the MS Group EMEA Operational Risk Oversight Committee.

Risk Appetite

SCUK's risk appetite sets the ranges of acceptable risk taking, expressing overall attitude to risk through risk tolerances and limits covering specific exposures to Credit, Market and Operational Risk. SCUK's risk appetite framework is built upon the interdependence between risk appetite, business strategy, and capital and liquidity resources.

The SCUK risk appetite statement is periodically set by the SCUK Board in conjunction with the SCUK strategy and in consideration of the SCUK capital and liquidity resources. It is reviewed and approved by the SCUK RMC and SCUK Board at least annually. Any review of the risk appetite statement considers new risks identified through the comprehensive risk identification process, changes in SCUK's business strategy and or capital/liquidity resources, as well as any changes in risk appetite given changes in market conditions.

Risk Identification and Assessment

Risk identification and assessment are performed on an ongoing basis as part of day-to-day activities of the business, as well as oversight and challenge from SCUK's risk function and independent second line of defence Risk and Compliance functions. Such identification processes include proactive engagement with business management and subject-matter experts across SCUK and the wider MS Group. Moreover, recent or expected changes in business activities, industry practices and regulations are considered and challenged internally for relevance and mitigation.

SCUK is integrated into, and has implemented, the MS Group Risk Management Framework. Implementation includes risk identification, assessment and management, and execution of its "business-as-usual" control framework. Effectiveness of these processes is continuously monitored, and adjustments proactively made if necessary to do so.

Operational Risk

Operational Risk is defined as the risk of loss, or damage to SCUK's reputation, resulting from 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). This includes legal risk but excludes strategic risk. Operational Risk is SCUK's most material risk and manifests itself through the Risk to Client and Risk to Firm categories.

SCUK acknowledges that Operational Risk is inherent to its business and cannot, therefore, be entirely eliminated. As such, SCUK has articulated an Operational Risk Appetite and, within this, an aggregate quantitative Operational Risk Tolerance. SCUK manages its Operational Risk within the overall Risk Management Framework as set out above.

Business Risk (Earnings at Risk)

Business Risk (also referred to as "Earnings at Risk") is defined as the risk arising from changes to SCUK's business, including:

- the acute risk to earnings posed by falling or volatile income;
- the broader risk of SCUK's business model or strategy proving inappropriate due to macroeconomic, geopolitical, industry, regulatory or other factors; and
- the risk that SCUK may not be able to carry out its business plan and desired strategy.

In addition, Business Risk also encompasses any risk to SCUK arising from its remuneration policy. For SCUK, Business Risk broadly manifests itself through the risk of fee pressures and client behaviour. Material potential harms include key persons leaving the firm; fee pressures and client behaviour resulting from a negative perception of business performance.

SCUK's strategy and business plan enables SCUK to deliver against its capital, risk and control agenda. The strategy includes a range of initiatives and performance indicators, including specific qualitative and quantitative business targets and goals for the control and support functions. Base and stress forecasts take into account SCUK's business model and capital has been assessed to be adequate to cover future losses.

Market Risk

SCUK's exposure to market risk is specific only to foreign exchange on transactions, there is no trading risk. Its risk management objective is to ensure that currency exposure is proactively managed.

Concentration Risk

SCUK's product offering, and business operating model are not complex. The risk of loss due to an outsized exposure to counterparty, group of counterparties or counterparties in the same industry or geographic region is not material for the business.

SCUK's third-party credit risk exposure is cash deposits at its singular financial institution providing banking services. To manage this risk, SCUK is governed by MS Group's outsourcing framework.

Liquidity Risk

Liquidity and funding risk refers to the risk that SCUK will be unable to finance its operations due to a loss of access to the capital markets, or difficulty in liquidating its assets. Liquidity risk also encompasses SCUK's ability (or perceived ability) to meet its financial obligations without experiencing significant business disruption or reputational damage that may threaten its viability as a going concern as well as the associated funding risks triggered by the market or idiosyncratic stress events that may cause unexpected changes in funding needs or an inability to raise new funding.

SCUK has an inherently low liquidity risk profile given its business model.

SCUK's Board of Directors sets the liquidity risk appetite to ensure adequate liquid resources are held to meet potential outflows under normal and stressed conditions and to meet its operating expenses while simultaneously ensuring durability of funding. The entity manages its liquidity risk appetite through the overall Required Liquidity Framework ("RLF"). The RLF establishes the amount of liquidity the entity must hold in both normal and stressed environments to ensure that the entity's financial condition and overall soundness are not adversely affected by an inability (or perceived inability) to meet financial obligations in a timely manner. The RLF ensures the entity holds sufficient liquidity to meet both the Regulatory and Internal Liquidity Requirements. SCUK maintains its liquidity reserves in the form of short-term cash deposits within its credit limit framework to remove any risk from liquidating assets.

The RLF includes the application of specific liquidity risk related policies and procedures in addition to a governance structure designed to oversee the overall level of liquidity risk taken.

As at 31 December 2022, SCUK is compliant with the FCA's IFPR regime and has sufficient liquidity resources to meet its regulatory liquidity requirements.

Risk Management Objectives and Policies: Harm to Business Strategy

Own funds requirements from K-CMH, K-ASA, and K-COH relate to core processes within SCUK and represent some of its intrinsically material risks.

SCUK markets some products that are in scope of the Client Assets regulatory framework, it is obligated to segregate related client money and shares. Non-compliance with these requirements may result in regulatory enforcement or contentious action, including possible sanctions against the business. There is a potential for direct adverse impact on SCUK's strategic objective to build its client base and operate in accordance with MS Group's core value of "Doing the Right Thing". Regulatory sanctions could involve service limitations or revocation of the SCUK's licence to conduct business. Regulatory intervention may also lead to reputational damage through negative news and the resulting loss of some existing client base, and possibly lead to a failure to build new business relationships with prospective clients.

Central to provisioning equity-based incentive share plans is the fundamental need to service client trade executions, failure to support this would represent an existential threat to the going concern of SCUK.

Concentration risk is not a material risk for SCUK due to the nature of its business and the way in which it operates. Nevertheless, SCUK's third-party credit risk exposure is cash deposits at its singular financial institution providing banking services. There is a potential for the banking provider to experience a service failure that may lead to SCUK being unable to meet its regulatory and or legal obligations to access and disburse cash, although within the Client Assets Sourcebook ("CASS") regulatory framework client money is segregated and protected. If SCUK was unable to access its financial resources, it may lead to cash-flow problems and prohibit the firm from financing ongoing operations to support client services.

SCUK's exposure to liquidity risk is inherently low given its business model. The potential harm to SCUK's business strategy rests in the potential to be unable to finance its operations due to loss of access to the capital markets.

Risk Management Objectives and Policies: Strategies and Process to manage Risks

The potential risk of non-compliance with Client Assets regulation is mitigated by SCUK through a mature control framework. SCUK has fully implemented the FCA's requirements, including but not limited to daily reconciliations and signoffs, segregation of client money and shares, inventorying and resolving CASS breaches, and completing regulatory returns, etc. Daily activities are governed by mature policies and supporting procedures, in addition to the SCUK CASS Committee ("CASSCO") chaired by the SCUK Senior Manager responsible for CASS. The SCUK CASSCO reports up to the SCUK Board and feeds into the MS Group EMEA CASSCO.

Risks associated with client order handling are mitigated through a multi-layered system of controls. Most transactions are straight-through-processed directly in the Shareworks© application to brokers, following data input instructions from SCUK's clients' employees. There are a small number of trades executed outside of the Shareworks© application, processed by SCUK and transacted by brokers on behalf of its clients. In both scenarios SCUK implements its Solium UK Order Handling policy with independent monitoring by MS Group's centrally resourced Compliance function. Furthermore, daily trade, settlement and cash disbursement checks are completed and signed-off in line with segregation of duties best practice. Off-System transactions go through pre-trade validation processes prior to execution by brokers. All processes are governed by prescribed SCUK and MS Group policies and procedures.

FX risk exposure on the balance sheet - there is no trading risk - is hedged on a monthly basis by MS Group Treasury.

SCUK is consistent with MS Group's established and regulatory compliant outsourcing governance, policies and procedures and draws on the expertise of MS Group's Third-Party Governance Committee to oversee third-party risk. A core objective of the outsourcing framework is to ensure that outsourcing does not negatively impact SCUK's risk levels, as defined by the SCUK Board, and that the business remains fully responsible for the compliance of the outsourced processes with applicable regulation.

The MS Group third-party governance framework mandates ongoing monitoring for all services, including annual and ad-hoc re-assessment of service risk that scopes in financial and resilience risks. In addition, service performance is monitored on a quarterly basis in way of meetings with the service provider supported by key risk and performance metrics.

SCUK also draws upon MS Group shared services to independently perform annual due diligence of MS Group's sub-custody provider network, which includes SCUK's banker.

This MS Group-wide holistic oversight framework supports the management of concentration risk specific to SCUK, enabling senior management to proactively manage the safeguarding of assets and continuity of service.

Given the strategy and risk profile of the entity, the SCUK Board is satisfied that the risk management framework is appropriate for the identification and mitigation of the potential for harm associated with its business strategy. The effectiveness of the framework is reviewed at least annually and, where appropriate, elements are updated to reflect best practice, evolving market conditions, lessons learned following market-wide or idiosyncratic risk events, and in response to changing regulatory expectations and requirements.

5. Governance and Board of Directors

Governance Arrangements

SCUK's Board is responsible for creating and delivering shareholder value and for the governance of the Company.

Governance documents are an important component of SCUK's risk management strategy. In accordance with MS Group policy requirements, SCUK reviews and re-validates its policies and procedures on an annual basis. SCUK's risk function performs targeted impartial reviews of governance documentation as part of its programme of controls testing, assessing their effectiveness in managing related risks.

Appointment Of Directors-Board Composition

When identifying and recommending candidates to join the Board, the Board will consider a broad range of qualities and characteristics, giving due regard to ensuring a broad range of backgrounds, skills and experience is present on the Board. It will also take into account regulatory requirements and relevant policies of the MS Group. New directors go through tailored induction programmes and all directors are provided with ongoing training.

Non-Executive Directors

Charles E.C. Hood

Ted was appointed a non-executive director on 1 May 2022. Ted is an Executive Director and head of Morgan Stanley's international advisory group for operational taxes and was appointed as a non-executive director of the Board on 1 May 2022.

Ted previously served as CEO of Source, an asset manager specialising in exchange traded investment products and as Managing Director and co-head of the product development group for Morgan Stanley's European institutional securities business in Europe.

Prior to originally joining Morgan Stanley in 1999, Ted was a lawyer at Cleary Gottlieb, where he specialised in the taxation of international financial institutions and capital markets transactions.

Ted received a Juris Doctor from Cornell Law School, from which he graduated magna cum laude in 2005.

Executive Directors

Iain Wilson

Iain has over twenty years experience in the share plan industry and is an experienced equity compensation professional with cross-jurisdictional responsibility for driving and developing the Company's European business. Joining in 2017, Iain led the Company's integration into Morgan Stanley following its acquisition in May 2019.

Prior to his role as the Company's President, he worked as Commercial Director of Computershare (EMEA).

Iain holds a BA (Hons) from University of Sussex.

June H. Davenport

June was appointed an executive director on 1 May 2013. June is Head of EMEA Trust & Nominee Services at Morgan Stanley at Work (formerly Solium) and was appointed as a director of Solium Capital UK Limited on 1 March 2013. June joined Solium Capital Inc in 2000 and has thirty-eight years of industry experience.

During her tenure at Morgan Stanley at Work, June has been responsible for building the Company's operational infrastructure in North America, EMEA and Australia, together with business development and relationship management.

Prior to joining the Firm, June worked for the Royal Bank of Canada for fourteen years in various management roles including business development and relationship management in the share plan administration marketplace.

June holds a Bachelor of Arts degree in business management, specialising in hospitality from the University of Strathclyde in Scotland.

Stephen Hall

Stephen was appointed an executive director on 1 January 2016.

Stephen is Head of Client Service, EMEA for Morgan Stanley at Work. Stephen was appointed as an executive director of the Board on 1 January 2016. Stephen is also the Senior Manager for Client Assets (previously CF10A) and has held that position since 2017.

Stephen joined Morgan Stanley in 2014 and has twenty-seven years of industry experience. Prior to joining the Firm, Stephen worked at Sainsburys plc as Head of Employee Shares Plans. Previously, he worked as Head of Operations at Computershare plc and Senior Service Delivery Manager at HBOS plc.

Directorships held by the Board

Director	Number of Directorships as at 31 December 2022	Directorships adjusted For SYSC4.3A.7(2)
Charles E.C. Hood	[3] total	[3]
Iain Wilson	[5] total	[5]
June H. Davenport	[5] total	[5]
Stephen Hall	[1] total	[1]

Diversity Policy

Diversity & Inclusion

The Board recognises the importance and benefits of diversity both within business operations and at a board level. All appointments to the Board are made on merit, in the context of the skills and experience that the Board as a whole requires to be effective, with due regard given to the benefits of diversity. When assessing the composition of the Board and recommending new directors, the Board considers the benefits of diversity, including gender diversity.

The Board aspires to meet or exceed a diversity target of 25% female representation. As at 31 December 2022, the Board had 25% female representation.

Risk Committee

SCUK operates within defined risk parameters articulated in the SCUK risk appetite statement, the level of risk it is willing to assume in achieving its strategic goals in line with the interests and expectations of its parent company, Morgan Stanley, and its stakeholders.

The SCUK Risk Management Committee (“RMC”) is managed by its Risk function. The purpose of the RMC is to report on, and challenge, risk exposure measured against risk appetite and to monitor and challenge risk remediation. The RMC reports up to the SCUK Board.

The SCUK Risk function is integrated into the MS Group EMEA Risk Oversight Committee.

In addition, SCUK operates several regulatory driven risk oversight committees, each reporting up to the SCUK Board. For example, CASSCO.

MS Group operates centrally managed committees that provide coverage over the risk management framework. Transversal topics include outsourcing through to Financial Crime and Fraud. SCUK is integrated into all relevant MS Group risk related committees.

6. Capital Resources

The capital resources of SCUK are set out in Table 2. The main terms and conditions of the capital instruments are disclosed in Table 4

Table 2: Composition of regulatory own funds

SCUK	Amount (GBP thousands)	Source based on reference numbers / letters of the balance sheet in the audited financial statements
1 OWN FUNDS	**28,927**	
2 TIER 1 CAPITAL	**28,927**	
3 COMMON EQUITY TIER 1 CAPITAL	**28,927**	
4 Fully paid up capital instruments	55,736	A
5 Share premium	-	
6 Retained earnings	(19,386)	B
7 Accumulated other comprehensive income	(12)	C
8 Other reserves	-	
9 Adjustments to CET1 due to prudential filters	-	
10 Other funds	-	
11 (-) TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1	(7,411)	D
19 CET1: Other capital elements, deductions and adjustments	-	
20 ADDITIONAL TIER 1 CAPITAL	**-**	
21 Fully paid up, directly issued capital instruments	-	
22 Share premium	-	
23 (-) TOTAL DEDUCTIONS FROM ADDITIONAL TIER 1	-	
24 Additional Tier 1: Other capital elements, deductions and adjustments	-	
25 TIER 2 CAPITAL	**-**	
26 Fully paid up, directly issued capital instruments	-	
27 Share premium	-	
28 (-) TOTAL DEDUCTIONS FROM TIER 2	-	
29 Tier 2: Other capital elements, deductions and adjustments	-	

Own Funds of SCUK are based on audited financial statements. Table 3 provides a reconciliation of regulatory own funds to balance sheet information as at 31 December 2022.

Table 3: Own funds: reconciliation of regulatory own funds to balance sheet in the audited financial statements

	SCUK[1]	a Balance sheet as in published /audited financial statements (GBP thousands)	b Cross-reference to Table 2
	Assets – Breakdown by asset classes according to the balance sheet in the audited financial statements		
1	Cash and short term deposits	29,028	
2	Loans and advances	6,521	
3	Trade and other receivables	6,640	
4	Other assets	9,048	
5	Investments in subsidiaries	235	D
6	Property, plant and equipment	1,766	
7	Intangible assets	7,176	D
8	Current Tax Assets	33	
	Total assets	**60,447**	
	Liabilities – Breakdown by liability classes according to the balance sheet in the audited financial statements		
1	Trade and other payables	7,453	
2	Debt and other borrowings	14,375	
3	Other liabilities	2,281	
	Total liabilities	**24,109**	
	Shareholders' Equity		
1	Share Capital	55,736	A
2	Currency translation reserve	(12)	C
3	Retained earnings	(19,386)	B
	Of which: Previous years retained earnings	(14,601)	
	Of which: Current years retained earnings	(4,785)	
	Total Shareholders' Equity	**36,338**	

1. "Under regulatory scope of consolidation" column has been omitted as the investment firm's accounting and regulatory consolidation is the same.

7. Capital Instruments Template

Table 4 provides a description of the main features of the capital instruments issued by SCUK as at 31 December 2022.

Table 4: Own funds: main features of own instruments issued by the firm

SCUK	
Description	
Instrument Type	Common Equity Tier 1
Accounting classification	Shareholder's Equity
Amount recognised in Regulatory Capital	£55,735,598
Nominal amount of instrument	£1 per ordinary share
Original date of issuance	12/05/2011
Perpetual/Dated	Perpetual
Write-down features	N/A
Fixed or Floating Dividend/Coupon	Floating
Convertible or non-convertible	Non-Convertible

8. Appendix I: IFPR Article Reference Mapping

Articles	Summary of Requirements	Compliance Reference SCUK
8.1 Disclosure		
8.1.1 8.1.2	All disclosure requirements apply to a non-SNI firm, with the exception of: (4) Investment policy only applies if the firm does not fall within MIFIDPRU 7.1.4R(1).	SCUK is a non-SNI firm.
8.1.3 8.1.4 8.1.5 8.1.6	SNI MIFIDPRU Investment Firms: 1. A non-SNI investment firm may be reclassified as an SNI MIFIDPRU Investment firm in certain circumstances and be subject to reduced disclosure requirements. When reclassified to a SNI investment firm, full disclosure requirements apply the year of reclassification. 2. When an SNI investment firm is reclassified as a non-SNI investment firm, reduced disclosure requirements apply the year of reclassification, but it can choose to fully disclose in line with non-SNI investment firms requirements.	Not applicable
8.1.7	Disclosure required on an individual basis, unless exempt.	Disclosure prepared for SCUK on an individual basis.
8.1.8 8.1.9	Qualitative disclosure detail must be appropriate to the size and complexity of the investment firm. E.g., non-SNI investment firms should disclose more detailed renumeration detail than an SNI investment firm.	Meet requirement.
8.1.10 8.1.11	Disclosure is required annually on the date the investment firm publishes its annual financial statements. More frequent disclosure should be considered in particular circumstances, such as a major change in business model or merger.	
8.1.12	MIFIDPRU TP12 details transitional provisions for disclosure requirements.	Not applicable
8.1.13 8.1.14 8.1.15 8.1.16 8.1.17	Disclosure must be easy to easily accessible, free to obtain, clearly presented and easy to understand. For future disclosures, the format should be consistent with previous disclosure periods, and any significant changes should be highlighted. A firm is not required to disclosure items which in doing so would breach the law of another jurisdiction. Disclosures should be published on a website.	Meet requirement.
8.2 Risk management objectives and policies		
8.2.1 8.2.2 8.2.3	An investment firm must disclose its risk management objectives and policies relating to Own funds requirements, concentration risk and liquidity. This must include a concise statement approved by the investment firm's governing body describing the potential for hard associated with the business strategy and a summary of the strategies and processes used to manage each risk category, highlighting how this helps reduce the potential for harm. An investment firm may draw information from the ICARA process to comply with disclosing it's approach to risk management referencing its risk management policies, details of risk management structure and operations, how risk appetite is set and summary of how it assesses the effectiveness of its risk management processes.	Section 4: Risk Management.
8.3 Governance arrangements		
8.3.1	Information relating to internal governance arrangements: 1. an overview of how it complies with governance arrangements; 2. number of directorships (executive and non-executive) held by each board member; 3. a summary of the policy promoting diversity in the board; 4. if the firm has a risk committee and whether the firm is required to establish a risk committee.	Section 5: Governance and Board of Directors.
8.4 Own Funds		
8.4.1	Information on own funds: 1. a reconciliation of CET1, AT1 and T2 to calculate own funds; 2. a reconciliation of own funds to its audited financial statements; and 3. a description of the main features of CET1, AT1 and T2 instruments issued by the firm. A firm that is not required to publish annual financial statements is not required to disclose (2)	Section 6. Capital Resources. Table 2: Composition of regulatory own funds. Table 3: Own funds: reconciliation of regulatory own funds to balance sheet in the audited financial statements.
8.4.2	A *firm* must use the template available at *MIFIDPRU 8 Annex 1R* in order to disclose the information requested at *MIFIDPRU 8.4.1R*.	Section 7: Capital Instruments Template. Table 4: Own funds: main features of own instruments issued by the firm.
8.5 Own Funds Requirements		

8.5.1	An investment firm must disclose: 1. The K-Factor requirement broken down into a. Sum of K-SUM, K-CMH and K-ASA; b. Sum of K-COH and K-DTF; c. Sum of K-NOR, K-CMG, K-TCD and K-CON. 2. Fixed overheads requirement.	Section 1. Overview and Key Metrics. Table 1: Key Metrics.
8.5.2	An investment first must disclose its approach to assessing the adequacy of its own funds in accordance with the overall financial adequacy rule.	Section 3. Capital Management.
8.6 Remuneration policy and practices- Disclosed separately		For remuneration disclosures: https://www.morganstanley.com/about-us-ir/pillar-uk
8.7 Investment policy		Not applicable

9. Appendix II: Abbreviations

Term	Definition
AT1	Additional Tier 1
AuM	Assets Under Management
BCBS	Basel Committee Banking Supervision
CASS	Client Assets Sourcebook
CASSCO	CASS Committee
CEO	Chief Executive Officer
CET1	Common Equity Tier 1 Capital
EMEA	Europe, Middle East, and Africa
EU	European Union
FCA	Financial Conduct Authority
FOR	Fixed Overheads Requirement
FX	Foreign Exchange
GBP	British Pound Sterling
ICARA	Internal Capital Adequacy and Risk Assessment
IFPR	Investment Firms Prudential Regime
IM	Investment Management
K-ASA	Assets Safeguarded and Administered K-Factor Requirement
K-AUM	Assets Under Management K-Factor Requirement
K-CMG	Clearing Margin Given K-Factor Requirement
K-CMH	Client Money Held K-Factor Requirement
K-COH	Client Orders Handled K-Factor Requirement
K-CON	Concentration Risk K-Factor Requirement
K-DTF	Daily Trading Flow K-Factor Requirement
KFR	K-Factor Requirement
K-NPR	Net Position Risk K-Factor Requirement
K-TCD	Trading Counterparty Default Risk K-Factor Requirement
MiFID	Markets in Financial Instruments Directive
MS	Morgan Stanley
MSAW	Morgan Stanley at Work
Non-SNI	Non Small and Non-Interconnected
PRA	Prudential Regulation Authority
RLF	Required Liquidity Framework
RMC	Risk Management Committee
SCUK	Solium Capital UK Limited
SMF1	Chief Executive
SMF16	Compliance Oversight Officer
SMF17	Money Laundering Reporting Officer
SNI	Small and Non-Interconnected
UK	United Kingdom