

Morgan Stanley France Group and Morgan Stanley France S.A.

Investment Firm Regulatory Disclosures Report

As at 31 December 2022

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1. Overview and Key Metrics

Overview

The disclosures in this document fulfil regulatory obligations for Morgan Stanley France S.A. (“MS France”) on a stand-alone and consolidated basis as required by the Investment Firms Regulation (“IFR”). MS France, and its parent entities, Morgan Stanley France Holdings I S.A.S., an investment holding company, and Morgan Stanley France Holdings II S.A.S., a holding company, together “MS France Group”, are required to disclose to market participants information on risk management objectives and policies, own funds, own funds requirements and remuneration policies.

MS France is authorised by the French Authority of Prudential Control and Resolution (“ACPR”).

As of 31 December 2022, the principal activities of Morgan Stanley France S.A. are equity sales and the provision of investment banking services. The Investment Management services were sold on 1 December 2022.

Unless otherwise stated, qualitative disclosures for MS France throughout this document should be read as also applicable to MS France Group.

The direct parent of the MS France Group is Morgan Stanley Europe Holding SE (“MSEHSE”), and its 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.

MS France and its holding entities are wholly owned subsidiaries 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>

The information presented below for MS France and the MS France Group is reflective of the position as at 31 December 2022.

Key Metrics

Table 1: Key Metrics

€MM	MS France		MS France Group
	Q4'22	Q4'21	Q4'22
Common Equity Tier 1 Capital ("CET1")	187.5	187.3	225.0
Additional Tier 1 Capital("AT1")	-	-	-
Tier 1 Capital	187.5	187.3	225.0
Tier 2 Capital	-	-	-
Total Own Funds	187.5	187.3	225.0
Permanent Minimum Capital Requirement ¹	0.1	0.1	0.1
Fixed Overhead Requirement ²	31.8	26.0	32.6
Total K-Factor Requirement	0.4	0.4	0.4
<i>Risk to Market ("RtM")</i>	0.4	0.3	0.4
<i>Risk to Client ("RtC")</i>	0.0	0.1	0.0
<i>Risk to Firm ("RtF")</i>	-	-	-
Own Funds Requirement	31.8	26.0	32.6
Total Capital Ratio	589.02%	720.42%	689.29%

1. Permanent Minimum Capital Requirement: €75,000.

2. Fixed Overhead Requirement (FOR) based on 2021 financial statements. MS France increase mainly driven by increase in expenses.

The own funds requirement is equal to the higher of: a) Permanent minimum capital requirement, b) Fixed overheads requirement or c) K-factor requirement.

The permanent minimum requirement is dependent on the activities that the investment firm is authorised to undertake.

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

The K-factor requirements fall within the following main risk categories:

- RtM captures the impact an investment firm could have on the markets in which it operates and on counterparties with which it trades.
- RtC covers risks of the investment firm during its services, actions or responsibilities, which could negatively impact clients.
- RtF captures risks to an investment firm's solvency from its trading activity and market participation and only applies to an investment firm authorized to deal on its own account for its own purposes or on behalf of a client.

2. Regulatory Frameworks

The IFR became effective in the EU on 27 June 2021. The IFR sets out a regulatory framework applicable to non-systemic investment firms (typically those less than €15bn in asset size). The IFR aims to provide a more proportionate regulatory framework for these non-systemic investment firms that can be applied consistently across the EU.

Under the IFR Framework, investment firms authorised under the Markets in Financial Instruments Directive (“MiFID”) are categorised based on asset size:

Class 1 – Systemic investment firms with greater than €15bn of assets will remain subject to the Capital Requirements Directive and Capital Requirements Regulation, while those that are greater than €30bn in assets size also need to re-authorise as credit institutions.

Class 2 / Class 3 – Non-systemic investment firms with less than €15bn of assets are subject to IFR.

MS France is a Class 2 non-systemic investment firm.

The IFR 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 Class 2 investment firms, a public disclosures requirement.

Requirements described above are supplemented with further detail where relevant through the European Banking Authority (“EBA”) Regulatory Technical Standards (“RTS”) and Implementing Technical Standards (“ITS”), which include a number of common templates that are used within this disclosure.

MS France has policies and procedures in place to assess the appropriateness of its disclosure. MS France disclosures are not required to be, and have not been, audited.

MS France does not hold, directly or indirectly, any voting rights in any company and as such no investment policy disclosures are relevant. The parent entities for MS France; Morgan Stanley France Holdings I S.A.S., and Morgan Stanley France Holdings II S.A.S., hold 100% of the investment and voting rights in MS France.

MS France financials are prepared in accordance with the principles defined in regulation ANC 2014-07 of 26 November 2014 relating to the financial statements of French banking sector companies. MS France financial statements can be found in the legal gazette (Journal d’Annonces Légales – JAL) Les Echos Sociétés dated 25 July 2023 <https://www.journal-officiel.gouv.fr/telechargements/BALO/pdf/2023/0728/202307282303462.pdf>.

MS France Group does not prepare audited financial statements.

3. Capital Management

MS France views capital as an important source of financial strength. It 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, MS France manages its capital position based upon, among other things, business opportunities, risks, capital availability and rate of return together with, internal capital policies and regulatory requirements. Therefore, in the future it may adjust its capital base in reaction to the changing needs of its businesses. 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. The key components of the capital management framework used by MS France include a point in time capital assessment, forward looking capital projections and stress testing. MS France conducts a capital assessment at least annually in order to meet its obligations under the IFR regulation. The MS France capital assessment is a key tool used to inform the MS France Board and the executive management on risk profile and capital adequacy. The MS France capital assessment:

- is designed to ensure that the risks to which MS France is exposed are appropriately capitalised and risk managed, including those risks that are either not captured, or not fully captured under the minimum own funds requirement;
- uses stress testing to size a capital buffer aimed at ensuring MS France will continue to operate above regulatory requirements under a range of severe but plausible stress scenarios; and
- assesses capital adequacy under normal and stressed operating environments over the three year capital planning horizon to ensure that MS France maintains a capital position in line with internal pre and post stress minimum levels.

The ACPR can request to review the MS France capital assessment results and, if it deems relevant, set the minimum own funds requirement and minimum liquidity requirement, to establish the minimum level of regulatory capital and liquidity for MS France. If required, the ACPR can also set an additional own funds and/or liquidity requirements in addition to the minimum requirements, which is available to support any additional capital or liquidity need for MS France even in a stressed market environment.

In order to maintain or adjust its capital structure, MS France may pay dividends, return capital to its shareholders, issue new shares, or issue or repay AT1 capital instruments or subordinated debt.

4. Risk Management

Risk taking is an inherent part of MS France's businesses activities and effective risk management is vital to MS France's success. The MS France Risk Management Framework is embedded and operating appropriately and encompasses the risk culture, approach and practices that support risk identification, measurement, monitoring, escalation, and decision-making processes within MS France.

Risk Strategy and Appetite

The Risk Strategy sets how risks will be identified, measured, monitored, and reported. The centrepiece of the Risk Strategy is the Risk Appetite Statement ("RAS"). The MS France Risk Appetite Statement articulates the aggregate level and type of risk that MS France is willing to accept in order to execute its business strategy while protecting its capital and liquidity resources. The RAS consists of both qualitative and quantitative statements. The MS France risk appetite is set by the MS France Board in conjunction with its business strategy and in consideration of its capital and liquidity resource adequacy framework. To remain adequate in a changing environment, the RAS is reviewed by the MS France Board when required (e.g., when the business strategy is amended), but at least annually. This review takes into account changes in the MS France's business strategy, financial resources and plans as well as any anticipated changes in risk appetite.

MS France risks arise primarily from the provision of services and business processes. The following risks are currently considered as material for MS France business activities: Operational Risk, Reputational Risk, Compliance Risk and Conduct Risk.

In addition, further detail about the following risks is provided, although they are considered non-material for MS France current business activities: Earnings at Risk and Strategic Risk, Liquidity Risk, Credit Risk, Market Risk and Valuation Risk.

Operational Risk is defined as the risk of loss, or damage to Morgan Stanley'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, including damage caused by climate change).

MS France sets operational risk appetite as a level of operational risk that, after considering the MS France's governance and control processes, is expected to be less than the benefits of the business strategy and not pose a material risk to MS France's capital adequacy, reputation, regulatory standing, or ability to pose a material risk to its strategy nor result in significant, detrimental impacts to markets and/or clients.

Reputational risk, also referred to as franchise risk, describes potential risks associated with the way in which MS France conducts its business and the perception of MS France by external parties including our shareholders, clients, regulators, and the public. MS France complies with the group policies to identify, escalate, and report any situation which may pose potential franchise risk.

MS France has no appetite for transactions, business practices, clients or counterparties that pose a significant franchise risk and jeopardize the firm's reputation.

Compliance Risk is defined as the risk of legal or regulatory sanction, material financial loss or damage to reputation resulting from the failure to comply with laws, rules, regulations, related self-regulatory organization standards and codes of conduct applicable to MS France's activities.

MS France seeks to comply with applicable laws, rules and regulations, including those related to financial crime. MS France has no appetite for transactions, business activities, or conduct by employees, contingents, customers or counterparties that give rise to a significant breach of MS France's compliance obligations.

Conduct Risk is defined as the risk arising from misconduct by individual employees or contingent workers (collectively, "Covered Persons") or groups of Covered Persons or the risk arising from conduct by the firm where the outcome has an adverse impact on clients or markets.

MS France has no risk appetite to act in a manner which does not adequately consider the impact on clients, expected market users or the markets, and could result in detrimental outcomes or undermine the integrity of financial markets or damage the firm's reputation or regulatory standing.

Due to the nature of the current business model of MS France, financial risks arising from business activities are very limited.

Earnings at Risk and Strategic Risk are defined as the risk to earnings posed by falling or volatile income (Earnings at Risk), and the broader risk of a legal entities' business model or strategy proving inappropriate due to macroeconomic, geopolitical, industry, regulatory or other factors (Strategic Risk).

MS France aims to deliver a sustainable business model that allows for a strategic presence in its core businesses, targeting stable earnings, accumulation of profits allowing for capital accretion and expense efficiency.

Liquidity Risk is the risk that a firm, although solvent, either does not have available sufficient financial resources to enable it to meet its obligations as they fall due, or can secure such resources only at excessive cost.

MS France's financial condition or overall soundness is adversely affected by an inability or perceived inability to meet its financial obligations in a timely manner.

MS France sets liquidity risk appetite to ensure adequate cash balances to meet its operating expenses and ensure durability of funding.

Credit Risk refers to the risk of loss arising when a borrower, counterparty or issuer does not meet its financial obligations.

MS France has a low-risk appetite for losses arising from an obligor's failure to pay. This risk includes failure of third-party debtors (fee income and other debtors), intercompany debtors and cash deposits with credit institutions.

Market Risk is the risk that a change in the level of one or more market prices, rates, indices, volatilities, correlations or other market factors, such as market liquidity, will result in losses for a position or portfolio owned by the firm.

MS France has a low-risk appetite for losses arising from Market Risk. Market risk is limited to FX risk on non-EUR revenues/expenses.

Valuation Risk represents the possibility that a valuation estimates of a position measured at fair value would differ from the price in an actual transaction on the same terms at the reporting date. Valuations are predominantly derived through models; thus, Valuation Risk comprises but is not limited to Model Risk.

MS France sets a valuation risk appetite to ensure sufficient capital to cover positions subject to valuation uncertainty. The risk is limited to reverse repos that cover the liquidity requirement.

Risk Policies and Processes

Morgan Stanley Group has established a number of policies and processes which set out the standards that govern the identification, assessment, monitoring, management, and mitigation of the various types of risk involved in its business activities. MS France has implemented a risk handbook to address local business and regulatory requirements where appropriate. This document is reviewed and approved by the MS France Board annually.

Control Framework

To execute risk oversight, MS France operates a control framework consistent with the “Three Lines of Defence” model, to create clear delineation of responsibilities between risk owners and independent risk control functions with a view to address potential conflicts of interest.

- **First Line of Defence:** Business units are responsible for managing their strategy and business activities in accordance with the entity’s risk appetite. Support and Control functions (e.g., Operations, Technology, HR) support strategy execution of the entity’s revenue-generating activities. Business units as well as support and control functions have primary responsibility for managing all business unit risks as well as ensuring compliance with applicable laws, rules and regulations and the entity’s policies.
- **Second Line of Defence:** Responsible for independent identification, analysis, reporting, management, and escalation of risks arising from the entity’s activities. It further sets policies and monitors adherence with these policies. This includes e.g. the Risk Division or the Compliance Division.
- **Third Line of Defence:** The Internal Audit Department is the third line of defence and is an independent of the first and second lines of defence. Internal Audit provides an independent assessment on the firms control environment and risk management processes and further reviews and tests the entities compliance with internal guidelines set for risk management and risk monitoring, as well as external rules and regulations governing the industry.

The Risk, Legal and Compliance functions have each established frameworks to identify, analyse, monitor, mitigate and report risks relevant to MS France. An overview of the individual risk management frameworks is set out below:

Operational Risk: MS France as part of the MSEHSE Group operates within the established operational risk management framework to identify, measure, control and report risk across the entity. Effective operational risk management is essential to reducing the negative impact of operational risk incidents and mitigating legal, regulatory and reputational risks. The framework comprises the following: Risk Identification, Risk Measurement, Risk Appetite and Risk Reporting. For additional information please refer to the MSEHSE Group Operational Risk Management Policy and MS France Operational Risk Internal Capital Assessment procedure.

Compliance Risk: The MS France Compliance Division is responsible for identifying applicable compliance risks and obligations as well as for establishing and maintaining a Compliance Risk management program for MS France. All MS France businesses and operations are subject to the Compliance Risk management program. As part of its responsibilities to establish and maintain a Compliance Risk management program, the MS France Compliance Department:

- Completes an annual Compliance Risk Assessment for MS France that identifies and assesses material Compliance Risks.
- Subsequently develops an MS France Annual Compliance Plan that prioritizes Compliance Division activities based on the Compliance Risk Assessment and other inputs, as appropriate.
- Reports to the MS France Risk Committee on compliance risk, significant regulatory compliance related developments and the progress of the Annual Compliance Plan.

Reputational Risk: Matters, which may potentially present significant Reputational risk to MS France, may require escalation to the EMEA Franchise Committee. The Franchise Committee Charter requires that items presented to the Franchise Committee for review (including business booked on MS France and business which is not booked on MS France but has a nexus to MS France) must be endorsed in advance by the relevant senior divisional and regional management and by each business unit, and by the MS France Risk Committee, as may be appropriate. The MS France Legal Division and MS France divisional management serve as escalation points for potentially significant Reputational risk matters. The Legal Division is also responsible for the management of the Franchise Committee review process.

Conduct Risk: The Global Conduct Risk Management Policy sets out a consistent global framework for managing Conduct Risk and Conduct Risk Incidents (“CRI”) including the management of Conduct Risk and CRIs within MS France. Responsibility for identifying, assessing, escalating, remediating and reporting on Conduct Risk and CRIs is shared among Business Units and Support and Control Functions. This is embedded through the Business Units’ and Support and Control Functions’ general accountability and responsibility for the conduct of their Covered Persons, which includes implementing processes and controls reasonably designed to assess, detect and deter Conduct Risk. This also includes responsibility to take reasonable steps to evaluate the underlying causes of Conduct Risk and CRIs as well as to escalate potentially material CRIs to Legal & Compliance Department and to formulate remedial actions as applicable. The MSEHSE Group Compliance Division is responsible for the design and development of a Conduct Risk Framework and for the execution of compliance-related responsibilities.

For the other risks that are not material for MS France, appropriate processes, commensurate with the size and complexity of the risks, are in place.

The MS France Board is satisfied that the risk management framework is appropriate given the strategy and risk profile of the entity. 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. Environmental, Social and Governance Risks

Environmental, Social and Governance (“ESG”) Risks are assessed non-material to the current business activities of MS France.

Environmental Risk¹ is the risk of any negative financial impact on MS France stemming from the current or prospective impacts of environmental factors on its counterparties or invested assets. Environmental Risks may include impacts to biodiversity, pollution of land, water or air, climate change, deforestation and forest degradation, and other significant negative impacts on the environment as a result of human activities.

Environmental factors can be categorised as transition risks and physical risks.

- **Transition Risks:** Transitioning to a low-carbon and more environmentally sustainable economy will entail extensive regulatory, policy, legal, technology and market initiatives as society adapts to climate change, mitigates its causes and promotes a more sustainable environment. Depending on the nature, speed and focus of these changes, transition risks may pose varying types and levels of financial and reputational risk to businesses and other organisations.
- **Physical Risks:** These risks include both acute physical events such as flooding, and chronic physical risks related to longer-term shifts in climate patterns such as more frequent and prolonged drought and progressive shifts like biodiversity loss, land use change, habitat destruction and resource scarcity. Financial implications for organisations can range from direct damage to assets to indirect impacts from supply chain disruption, driven by factors such as changes in water availability, food security and agricultural productivity. Extreme temperature changes may affect an organisation’s physical locations, operations, supply chain, transport needs and employee safety.

As a subsidiary of Morgan Stanley Group, MS France is part of the overall Morgan Stanley Group climate change strategy, as articulated in the 2021 Climate Report, which can be found at-

[https://www.morganstanley.com/content/dam/msdotcom/en/assets/pdfs/Morgan Stanley 2021 Climate Report.pdf](https://www.morganstanley.com/content/dam/msdotcom/en/assets/pdfs/Morgan_Stanley_2021_Climate_Report.pdf).

Social Risk¹ is the risk of any negative financial impact on MS France stemming from the current or prospective impacts of social factors on its counterparties or invested assets. Social Risks may include unsafe working conditions, human and labour rights violations and modern slavery (e.g., child labour, forced labour or human trafficking), community protests, violations of Indigenous Peoples rights, and damage to cultural heritage.

Environmental and Social Risk Management (“ESRM”)

MS France is part of the overall Morgan Stanley Group approach to the management of environmental and social risks that could impact its reputation. Morgan Stanley Group’s ESRM Group provides internal subject matter expertise on environmental and social risk and monitors emerging environmental and social issues. Risk management processes are designed to identify, assess and address potentially significant environmental and social issues that may impact the Morgan Stanley Group’s, clients, and other stakeholders. For further detail, refer to Morgan Stanley’s Environmental and Social Policy Statement which can be found at <https://www.morganstanley.com/about-us-governance>.

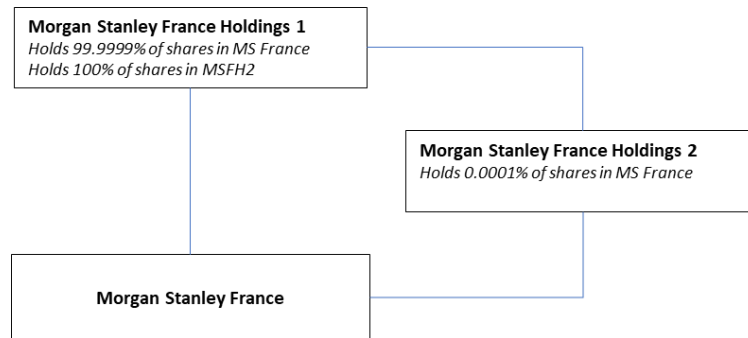
Governance Risk¹ is the risk of any negative financial impact on MS France stemming from the current or prospective impacts of governance factors on its counterparties or invested assets. Governance Risk at the Morgan Stanley Group’s counterparties may include such factors as board oversight, shareholder rights, audit practices, tax evasion, and corruption and bribery (including sanctions and money-laundering).

¹ Environmental, Social and Governance Risk definitions are sourced from [EBA Report 2021/18 Management and Supervision of ESG Risks for Credit Institutions and Investment Firms](#) as required by Investment Firm Regulation (“IFR”) Article 53.

The Morgan Stanley Group takes an integrated approach to governance risk management with oversight from firm leadership and input from across the business. MS France operates as part of, and within the frameworks established by, the wider Morgan Stanley Group. In line with Morgan Stanley's approach to ESG risk matters, governance risk issues are integrated into Morgan Stanley Group's existing risk management processes [as described above].

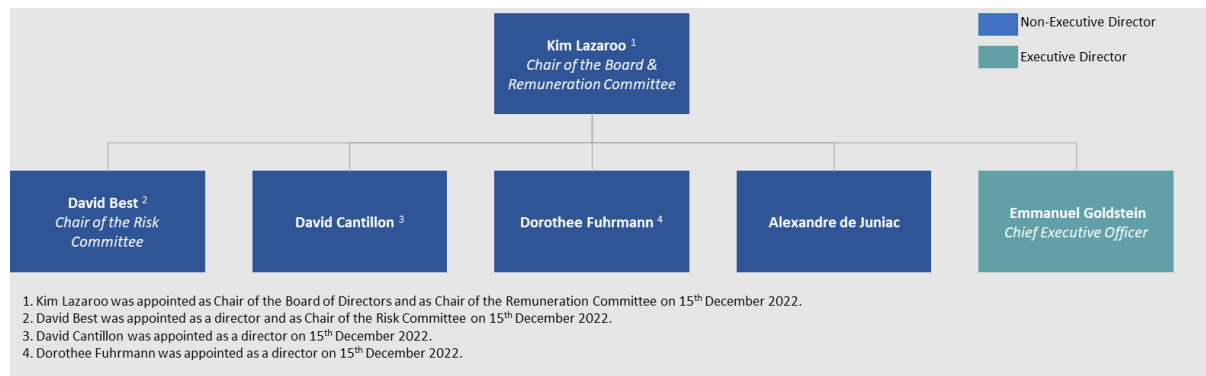
6. Governance and the Board of Directors

MS France Group is comprised of MS France and its two parent companies, MS France Holdings I S.A.S. and MS France Holdings II S.A.S.



The sole purpose of the two parent companies is to hold shares in MS France, with risk management and governance requirements for MS France Group primarily overseen by the MS France Board.

As at 31 December 2022, the MS France Board was comprised of 6 directors (1 executive director and 5 non-executive directors), as illustrated below.



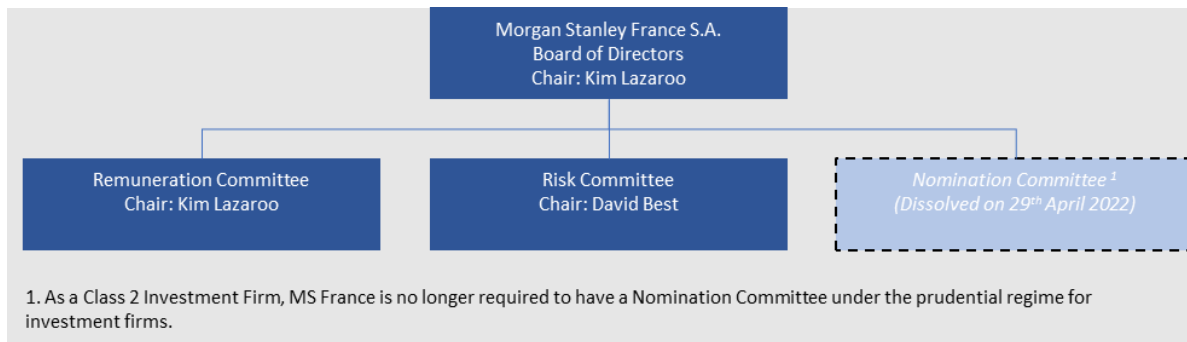
Number of Directorships

	Number of directorships as at 31 December 2022	Number of Directorships adjusted for Article 91(4) of Directive 2013/36/EU
Kim Lazaroo	8	1
David Best	11	5
David Cantillon	1	1
Dorothee Fuhrmann	6	1
Alexandre de Juniac	1	1
Emmanuel Goldstein	4	2

Appointments to MS France Board & Diversity

The MS France Board recognises the importance and benefits of diversity both within its business operations and at a board level. All appointments to the MS France Board are made on merit, in the context of the skills and experience that the MS France Board as a whole requires to be effective, with due regard to the benefits of diversity. The MS France Board has in place a Board Diversity Policy which includes a target of 25% female representation. As at 31 December 2022, the Board had 33% female representation.

MS France Board Committees



The MS France Risk Committee is appointed by the MS France Board to assist and provide guidance to the MS France Board on its oversight of the management of financial and non-financial risks, including: (i) risk strategy and appetite; (ii) risk identification and management; (iii) risk governance framework and policies; (iv) measurement of risk and risk tolerance levels and limits and (v) financial resource management. The MS France Risk Committee met twice in 2022.

The MS France Remuneration Committee is appointed by the MS France Board to (i) assist the Board in overseeing the implementation of remuneration policies and practices applicable to MS France; and (ii) oversee compliance with applicable EU and UK remuneration rules, statements, and guidance. The MS France Remuneration Committee met twice in 2022.

7. Capital Resources

The capital resources of MS France and MS France Group are set out in Table 2a and 2b. All capital resources included are of standard form and the main terms and conditions of the capital instruments are disclosed in Table 4.

Table 2a: EU IF CC1.01 – Composition of regulatory own funds - MS France		
€MM	(a)	(b)
		Source based on reference numbers / letters of the balance sheet in the audited financial statements
MS France	Amounts	
Common Equity Tier 1 (CET1) capital: instruments and reserves		
1 OWN FUNDS	187.5	
2 TIER 1 CAPITAL	187.5	
3 COMMON EQUITY TIER 1 CAPITAL	187.5	
4 Fully paid up capital instruments	21.1	A
5 Share premium	176.9	B
6 Retained earnings	-	
7 Accumulated other comprehensive income	-	
8 Other reserves	2.1	C
9 Minority interest given recognition in CET1 capital	-	
10 Adjustments to CET1 due to prudential filters	-	
11 Other funds	-	
12 (-) TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1	(12.6)	
13 (-) Own CET1 instruments	-	
14 (-) Direct holdings of CET1 instruments	-	
15 (-) Indirect holdings of CET1 instruments	-	
16 (-) Synthetic holdings of CET1 instruments	-	
17 (-) Losses for the current financial year	-	
18 (-) Goodwill	-	
19 (-) Other intangible assets	-	
20 (-) Deferred tax assets that rely on future profitability and do not arise from temporary differences net of associated tax liabilities	(12.6)	D
21 (-) Qualifying holding outside the financial sector which exceeds 15% of own funds	-	
22 (-) Total qualifying holdings in undertaking other than financial sector entities which exceeds 60% of its own funds	-	
23 (-) CET1 instruments of financial sector entities where the institution does not have a significant investment	-	
24 (-) CET1 instruments of financial sector entities where the institution has a significant investment	-	
25 (-) Defined benefit pension fund assets	-	
26 (-) Other deductions	-	
27 CET1: Other capital elements, deductions and adjustments	-	
28 ADDITIONAL TIER 1 CAPITAL	-	
29 Fully paid up, directly issued capital instruments	-	
30 Share premium	-	
31 (-) TOTAL DEDUCTIONS FROM ADDITIONAL TIER 1	-	
32 (-) Own AT1 instruments	-	
33 (-) Direct holdings of AT1 instruments	-	
34 (-) Indirect holdings of AT1 instruments	-	
35 (-) Synthetic holdings of AT1 instruments	-	
36 (-) AT1 instruments of financial sector entities where the institution does not have a significant investment	-	
37 (-) AT1 instruments of financial sector entities where the institution has a significant investment	-	
38 (-) Other deductions	-	
39 Additional Tier 1: Other capital elements, deductions and adjustments	-	
40 TIER 2 CAPITAL	-	
41 Fully paid up, directly issued capital instruments	-	
42 Share premium	-	
43 (-) TOTAL DEDUCTIONS FROM TIER 2	-	
44 (-) Own T2 instruments	-	
45 (-) Direct holdings of T2 instruments	-	
46 (-) Indirect holdings of T2 instruments	-	
47 (-) Synthetic holdings of T2 instruments	-	
48 (-) T2 instruments of financial sector entities where the institution does not have a significant investment	-	
49 (-) T2 instruments of financial sector entities where the institution has a significant investment	-	
50 Tier 2: Other capital elements, deductions and adjustments	-	

Table 2b: EU IF CC1.01 – Composition of regulatory own funds – MS France Group

€MM	(a)	(b) ¹
		Source based on reference numbers / letters of the balance sheet in the audited financial statements
MS France Group	Amounts	
Common Equity Tier 1 (CET1) capital: instruments and reserves		
1 OWN FUNDS	225.0	
2 TIER 1 CAPITAL	225.0	
3 COMMON EQUITY TIER 1 CAPITAL	225.0	
4 Fully paid up capital instruments	193.6	
5 Share premium	11.1	
6 Retained earnings	12.2	
7 Accumulated other comprehensive income	(0.1)	
8 Other reserves	13.4	
9 Minority interest given recognition in CET1 capital	-	
10 Adjustments to CET1 due to prudential filters	-	
11 Other funds	-	
12 (-) TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1	(5.2)	
13 (-) Own CET1 instruments	-	
14 (-) Direct holdings of CET1 instruments	-	
15 (-) Indirect holdings of CET1 instruments	-	
16 (-) Synthetic holdings of CET1 instruments	-	
17 (-) Losses for the current financial year	-	
18 (-) Goodwill	-	
19 (-) Other intangible assets	-	
20 (-) Deferred tax assets that rely on future profitability and do not arise from temporary differences net of associated tax liabilities	(5.2)	
21 (-) Qualifying holding outside the financial sector which exceeds 15% of own funds	-	
22 (-) Total qualifying holdings in undertaking other than financial sector entities which exceeds 60% of its own funds	-	
23 (-) CET1 instruments of financial sector entities where the institution does not have a significant investment	-	
24 (-) CET1 instruments of financial sector entities where the institution has a significant investment	-	
25 (-) Defined benefit pension fund assets	-	
26 (-) Other deductions	-	
27 CET1: Other capital elements, deductions and adjustments	-	
28 ADDITIONAL TIER 1 CAPITAL	-	
29 Fully paid up, directly issued capital instruments	-	
30 Share premium	-	
31 (-) TOTAL DEDUCTIONS FROM ADDITIONAL TIER 1	-	
32 (-) Own AT1 instruments	-	
33 (-) Direct holdings of AT1 instruments	-	
34 (-) Indirect holdings of AT1 instruments	-	
35 (-) Synthetic holdings of AT1 instruments	-	
36 (-) AT1 instruments of financial sector entities where the institution does not have a significant investment	-	
37 (-) AT1 instruments of financial sector entities where the institution has a significant investment	-	
38 (-) Other deductions	-	
39 Additional Tier 1: Other capital elements, deductions and adjustments	-	
40 TIER 2 CAPITAL	-	
41 Fully paid up, directly issued capital instruments	-	
42 Share premium	-	
43 (-) TOTAL DEDUCTIONS FROM TIER 2	-	
44 (-) Own T2 instruments	-	
45 (-) Direct holdings of T2 instruments	-	
46 (-) Indirect holdings of T2 instruments	-	
47 (-) Synthetic holdings of T2 instruments	-	
48 (-) T2 instruments of financial sector entities where the institution does not have a significant investment	-	
49 (-) T2 instruments of financial sector entities where the institution has a significant investment	-	
50 Tier 2: Other capital elements, deductions and adjustments	-	

1. The MS France Group is included in the audited consolidated financial statements of a European Group (i.e. Morgan Stanley Europe Holding SE). It is therefore not required to prepare audited consolidated financial statements at an MS France Group level.

Own Funds of MS France are based on audited financial statements. The Accounting and Regulatory scope are the same. Table 3 provides a reconciliation of regulatory own funds to balance sheet information for MS France.

Table 3: EU IF CC2 – Own funds: reconciliation of regulatory own funds to balance sheet in the audited financial statements

€MM	a	c
	Balance sheet as in published / audited financial statements under FRGAAP	Cross reference to EU IF CC1.01
MS France	As at period end	
Assets – Breakdown by asset classes according to the balance sheet in the published / audited financial statements		
Cash in hand and balances with central banks and post office banks	73.7	
Treasury bills and similar paper	-	
Loans and advances to credit institutions	190.8	
Loans and advances to customers	0.0	
Bonds and other fixed-income securities	-	
Equities and other variable-yield securities	0.0	
Equity interests and other long-term investments	-	
Investments in affiliates	-	
Intangible assets	0.0	
Property, plant and equipment	7.2	
Subscribed capital unpaid	-	
Own shares	-	
Trading and settlement accounts	-	
Other assets	63.3	
Of which: Deferred Tax Assets	12.6	D
Prepayments and accrued income	1.4	
Total Assets	336.4	
Liabilities – Breakdown by liability classes according to the balance sheet in the published / audited financial statements		
Central banks, post office banks	-	
Amounts owed to credit institutions	0.0	
Amounts owed to customers	11.3	
Tradeable securities	-	
Other liabilities	66.3	
Accruals and deferred income	0.0	
Trading and settlement accounts	-	
Provisions for liabilities and charges	28.1	
Subordinated liabilities	-	
General Bank Risk Fund (GBRF)	-	
Total Liabilities	105.7	
Shareholder's Equity		
Capital and reserves	230.7	
Share capital	21.1	
Of which: Fully Paid-Up Capital Instruments	21.1	A
Share premium	176.9	B
Reserves	2.1	C
Revaluation reserves	-	
Statutory provisions and investment subsidies	-	
Retained earnings	0.0	
Net profit for the year	30.6	

8. Capital Instruments Template

Table 4 provides a description of the main features of the capital instruments issued by MS France and MS France Group as at 31 December 2022.

Table 4: EU IF CCA: Own funds: main features of own instruments issued by the firm		
Description	MS France	MS France Group
	Common Equity Tier 1	Common Equity Tier 1
MS France and MS France Group	A	B
Issuer	MS France S.A.	MSF Holdings I
Unique identifier (e.g., CUSIP, ISIN or Bloomberg identifier for private placement)	N/A	N/A
Governing law(s) of the instrument	French law	French law
Eligible at solo/(sub-)consolidated/solo&(sub-)consolidated	Solo and (Sub-) Consolidated	Solo and (Sub-) Consolidated
Instrument type	Ordinary Shares	Ordinary Shares
Amount recognised in regulatory capital (€MM)	EUR 198MM	EUR 204.7MM
Currency of Issuance and Nominal amount of Instrument	€15 per ordinary share	€1 per ordinary share
Issue price	N/A	N/A
Redemption price	N/A	N/A
Accounting classification	Shareholders' Equity	Shareholders' Equity
Original date of issuance	30/09/1998	02/12/2016
Perpetual or dated	Perpetual	Perpetual
Original maturity date	No maturity	No maturity
Issuer call subject to prior supervisory approval	N/A	N/A
Optional call date, contingent call dates and redemption amount	N/A	N/A
Subsequent call dates, if applicable	N/A	N/A
Fixed or floating dividend / coupon	Floating	Floating
Coupon rate and any related index	N/A	N/A
Existence of a dividend stopper	No	No
Fully discretionary, partially discretionary or mandatory (in terms of timing)	Fully Discretionary	Fully Discretionary
Fully discretionary, partially discretionary or mandatory (in terms of amount)	Fully Discretionary	Fully Discretionary
Existence of step up or other incentive to redeem	No	No
Noncumulative or cumulative	Noncumulative	Noncumulative
Convertible or non-convertible	Nonconvertible	Nonconvertible
If convertible, conversion trigger(s)	N/A	N/A
If convertible, fully or partially	N/A	N/A
If convertible, conversion rate	N/A	N/A
If convertible, mandatory or optional conversion	N/A	N/A
If convertible, specify instrument type convertible into	N/A	N/A
If convertible, specify issuer of instrument it converts into	N/A	N/A
Write-down features	No	No
If write-down, write-down trigger(s)	N/A	N/A
If write-down, full or partial	N/A	N/A
If write-down, permanent or temporary	N/A	N/A
If temporary write-down, description of write-down mechanism	N/A	N/A
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Other liabilities	Other liabilities
Non-compliant transitioned features	No	No
If yes, specify non-compliant features	N/A	N/A

9. Appendix I: IFR Article Reference Mapping

IFR Ref	High Level Summary	Compliance Reference
Article 46 Scope		
46 (1)	Investment firms that are not small and non-interconnected investment shall publicly disclose on the same date as they publish their annual financial statements.	MS France will publish post AGM on same date as the financial statements.
46 (2)	Investment firms that are not small and non-interconnected investment which issue Additional Tier 1 instruments shall publicly disclose articles 47, 49 and 50.	Not Applicable
46 (3)	If no longer a small and non-interconnected investment shall publicly disclose the year following the year ceased to meet those conditions.	Not Applicable
46 (4)	Investment firms shall disclose in one medium or location and if similar information disclosed, a reference in required in both media.	MS France will publish the Pillar 3 disclosure on the Morgan Stanley France office location website with the existing Remuneration requirements.
Article 47 Risk management objectives and policies		
47	Investment firms shall disclose their risk management objectives and policies including strategies and process to manage those risk together with a concise risk statement approved by the firms management body describing the overall risk profile	Section 4: Risk Management
Article 48 Governance		
48	Disclose information regarding internal governance arrangements:	
48 (a)	The number of directorships held by members of the management body.	Section 6: Governance and the Board of Directors
48 (b)	The policy on diversity with regard to the selection of members of the management body, its objectives, relevant targets, and the extent to which those objectives and targets have been achieved.	
48 (c)	Whether or not the investment firm has set up a separate risk committee and the number of times the risk committee has met annually.	
Article 49 Own funds		
49 (1)	Disclose information on:	
49 (1) a	A full reconciliation of own funds of the investment firm and the balance sheet in the audited financial statements of the investment firm.	Section 7: Capital Resources Table 3: EU IF CC2 – Own funds: reconciliation of regulatory own funds to balance sheet in the audited financial statements
49 (1) b	The main features of the Common Equity Tier 1 and Additional Tier 1 instruments and Tier 2 instruments issued by the investment firm.	Section 8: Capital Instruments Template Table 4: EU IF CCA: Own funds: main features of own instruments issued by the firm
49 (1) c	The restrictions applied to the calculation of own funds in accordance with this Regulation and the instruments and deductions to which those restrictions apply.	Section 6: Capital Resources Table 2a and 2b: EU IF CC1.01 – Composition of regulatory own funds
49 (2)	EBA shall develop draft implementing technical standards to specify templates for disclosure under points (a), (b) and (c) of paragraph 1.	Refers to defined template formats required for a, b and c.
Article 50 Own funds requirements		
50 (1)	Disclose information on:	
50 (1) a	A summary of the investment firm's approach to assessing the adequacy of its internal capital to support current and future activities.	Section 3: Capital Management
50 (1) b	Upon a request from the competent authority, the result of the investment firm's ICAAP including the composition of the additional own funds based on the supervisory review process.	To be provided on request.
50 (1) c	The K-factor requirements calculated, in aggregate form for RtM, RtF, and RtC, based on the sum of the applicable K-factors.	Section 1: Overview and Key Metrics Table 1: Key Metrics
50 (1) d	The fixed overheads requirement.	Section 1: Overview and Key Metrics Table 1: Key Metrics
Article 51 Remuneration policy and practises Separate disclosure to be published at the following location https://www.morganstanley.com/about-us/global-offices/europe-middle-east-africa/france/		
Article 52 Investment policy – Section 2. Regulatory Frameworks		
Article 53 Environmental, social and governance risks		
53	Investment firms which do not meet the criteria referred to in Article 32(4) of Directive (EU) 2019/2034 shall disclose information on environmental, social and governance risks, including physical risks and transition risks, as defined in the report referred to in Article 35 of Directive (EU) 2019/2034.	Section 5: Environmental, social and governance risks

10. Appendix II: Abbreviations

Term	Definition
ACPR	Authority of Prudential Control and Resolution
AT1	Additional Tier 1 Capital
CET1	Common Equity Tier 1 Capital
CRI	Conduct Risk Incidents
EBA	European Banking Authority
ESG	Environmental, Social and Governance
ESRM	Environmental and Social Management
IFR	Investment Firm Regulation
ITS	Implementing Technical Standards
MiFID	Markets in Financial Instruments Directive
MM	Millions
MS France	Morgan Stanley France S.A.
MSEHSE	Morgan Stanley Europe Holding SE
RAS	Risk Appetite Statement
RtC	Risk to Capital
RtF	Risk to Firm
RtM	Risk to Market
RTS	Regulatory Technical Standards