



VARIATION OF DIRECTION

To: Morgan Stanley & Co International Plc [FRN: 165935]
Morgan Stanley Bank International Limited [FRN: 195430]
(each a "Firm")

Of: 25 Cabot Square, London E14 4QA

Ref: 5440314; 5440315

Date: 13 December 2019

Power

1. This variation of direction is given by the *PRA* under Section 138A(7)(b) of FSMA.

Commencement

2. This variation of direction takes effect on 13 December 2019.

Variation

3. Paragraph 4 of the direction dated 2 December 2019, annexed to this variation, is varied by inserting into paragraph 4 of that direction the words underlined below:

"4. The PRA directs that the rules listed below apply to the firm and to the consolidated situation of Morgan Stanley International Ltd with the modifications shown...".

Interpretation

4. Interpretative provisions (including definitions) of the PRA Rulebook apply to this variation of direction in the same way they apply to the PRA Rulebook.

Philip Evans
Director Prudential Policy
Prudential Regulation Authority



ANNEX

DIRECTION

To: Morgan Stanley & Co International Plc [FRN: 165935]
Morgan Stanley Bank International Limited [FRN: 195430]
(each a "Firm")

Of: 25 Cabot Square, London E14 4QA

Ref: 5440314; 5440315

Date: 2 December 2019

Rulebook version as in force at the date this Direction takes effect.

Power

1. This direction is given by the *PRA* under Section 138A of the *Act*.

Duration

2. This direction takes effect on 2 December 2019.
3. This direction ends on the date on which relevant Definition of Capital rules are amended or no longer apply to the *firm*.

Rules Modified

4. The *PRA* directs that the rules listed below apply to the *firm* with the modifications shown (new text underlined, deleted text is struck through).

Rule	Modification
Definition of Capital 7.1	A <i>firm</i> must notify the <i>PRA</i> in writing of its intention, or the intention of another member of its <i>group</i> that is not a <i>firm</i> but is included in the supervision on a consolidated basis of the <i>firm</i> , to issue a capital instrument that it considers will qualify under the <i>CRR</i> as an <i>own funds instrument</i> , including a situation where the issuer intends to issue the instrument pursuant to a note issuance programme (NIP). This rule does not apply in the situation described in 7.5 below <u>and in the situation described in the second subparagraph of Article 26(3) of the <i>CRR</i>.</u>
Definition of Capital 7.5	Where: (1) a <i>firm</i> has, within the 12 months prior to submission of a notified issuance, previously issued an <i>own funds instrument</i> <u>that is not a Common Equity Tier 1 instrument</u> and has complied with 7.1 in respect of that previous issuance;



	[...] (3) the notified issuance in (1) is designed so that it will constitute a compliant <i>own funds instrument</i>, as evidenced ~~either~~ by the legal opinion referred to in 7.3(3) ~~or, in the case of a <u>Common Equity Tier 1 instrument</u>, by the form referred to in 7.9(2) (CET1 Compliance Template)~~; [...]
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Interpretation

5. Interpretative provisions (including definitions) of the PRA Rulebook apply to this direction in the same way they apply to the PRA Rulebook.

Philip Evans
Director Prudential Policy
Prudential Regulation Authority