

Registered number: 09655385

Registered office:
25 Cabot Square
Canary Wharf
London
E14 4QA

MORGAN STANLEY CLIENT SECURITIES NOMINEES LIMITED

Report and financial statements

31 December 2018

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MORGAN STANLEY CLIENT SECURITIES NOMINEES LIMITED

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MORGAN STANLEY CLIENT SECURITIES NOMINEES LIMITED

STRATEGIC REPORT

The Directors present their Strategic report for Morgan Stanley Client Securities Nominees Limited (the "Company") for the year ended 31 December 2018.

PRINCIPAL ACTIVITY

The Company did not trade during the current or prior year but acted as a nominee company for the holding of securities for clients of Morgan Stanley, with no significant changes expected in 2019.

The Company's ultimate parent undertaking and controlling entity is Morgan Stanley, which, together with the Company and Morgan Stanley's other subsidiary undertakings, form the "Morgan Stanley Group". The Company's immediate parent undertaking is Morgan Stanley & Co. International plc.

BUSINESS REVIEW

Overview of 2018

The Company did not incur any income or expense in the current or prior year, therefore a statement of comprehensive income has not been presented.

The statement of financial position for the Company is set out on page 7. The Company's net assets for the current year were £100 which is consistent with the prior year.

Risk management

The Directors consider that the Company's key financial risks are credit risk, primarily its concentration of exposure to other Morgan Stanley Group undertakings, and liquidity risk arising through its exposure to other Morgan Stanley Group undertakings presented within other receivables. The Company leverages the Morgan Stanley Group's credit and liquidity risk frameworks to identify, measure, monitor and control credit risk and to ensure that the Company has access to adequate funding.

The Company also has some limited exposure to country, operational and legal, regulatory and compliance risks.

The Company leverages the risk management policies and procedures of the Morgan Stanley Group. The Company also manages the risk of potential impacts on its business (including but not limited to the impact of United Kingdom's (the "UK") decision to leave the European Union (the "EU") by maintaining a constant planning dialogue with the wider Morgan Stanley Group.

Going concern

Retaining sufficient liquidity and capital to withstand market pressures remains central to the Company's strategy. The Company has access to Morgan Stanley Group capital and liquidity as required. Taking the above factors into consideration, the Directors believe it is reasonable to assume that the Company will have access to adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

Approved by the Board and signed on its behalf by



F C Kelly
Director

11 June 2019

MORGAN STANLEY CLIENT SECURITIES NOMINEES LIMITED

DIRECTORS' REPORT

The Directors present their report and financial statements for the Company for the year ended 31 December 2018.

RESULTS AND DIVIDENDS

The result for the year, after tax, was £nil (2017: £nil).

During the year, no dividend was paid or proposed (2017: \$nil).

RISK MANAGEMENT AND FUTURE DEVELOPMENTS

Information regarding risk management and future developments has been included in the Strategic report.

DIRECTORS

The following Directors held office throughout the year and to the date of approval of this report:

F C Kelly

P B T Lee

J J McGrory (resigned 7 March 2018)

V G Rudkin (appointed 29 March 2018)

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

Directors' and Officers' Liability Insurance is taken out by Morgan Stanley, the Company's ultimate parent undertaking, for the benefit of the Directors and Officers of the Company.

DIRECTORS' INDEMNITY

Qualifying third party indemnity provisions (as defined in section 234 of the Companies Act 2006) were in force during the year and up to and including the date of the Directors' report for the benefit of the Directors of the Company.

EVENTS AFTER THE REPORTING DATE

There have been no significant events since the reporting date.

AUDITOR

Deloitte LLP have expressed their willingness to continue in office as auditor of the Company and, under Sections 485 to 488 of the Companies Act 2006, will be deemed to be re-appointed.

Statement as to disclosure of information to the auditor

Each of the persons who are Directors of the Company at the date when this report is approved confirms that:

- so far as each of the Directors is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- each of the Directors has taken all the steps that he/she ought to have taken as a Director to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

MORGAN STANLEY CLIENT SECURITIES NOMINEES LIMITED

DIRECTORS' REPORT (CONTINUED)

DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations:

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with UK Generally Accepted Accounting Practice ("UK GAAP") (UK Accounting Standards and applicable law), including Financial Reporting Standard 101 '*Reduced Disclosure Framework*' ("FRS 101"). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, including FRS 101, have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the Board and signed on its behalf by



F C Kelly

Director

11 June 2019

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MORGAN STANLEY CLIENT SECURITIES NOMINEES LIMITED

Opinion

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 and of its result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Morgan Stanley Client Securities Nominees Limited which comprise:

- the statement of financial position; and
- the related notes 1 to 7

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the Directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MORGAN STANLEY CLIENT SECURITIES NOMINEES LIMITED (CONTINUED)

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MORGAN STANLEY CLIENT SECURITIES NOMINEES LIMITED (CONTINUED)

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic report or the Directors' report.

Matters on which we are required to report by exception

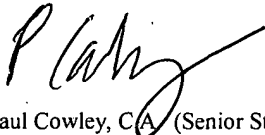
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's 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 Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Paul Cowley, C.A. (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
Glasgow, United Kingdom

11 June 2019

MORGAN STANLEY CLIENT SECURITIES NOMINEES LIMITED

Registered number: 09655385

STATEMENT OF FINANCIAL POSITION

As at 31 December 2018

	Note	2018 £	2017 £
ASSETS			
Other receivables	5	100	100
TOTAL ASSETS		<u>100</u>	<u>100</u>
LIABILITIES AND EQUITY			
EQUITY			
Share capital	4	100	100
Equity attributable to owners of the Company		100	100
TOTAL EQUITY		<u>100</u>	<u>100</u>
TOTAL LIABILITIES AND EQUITY		<u>100</u>	<u>100</u>

The Company did not incur any income or expense during the current or prior year, therefore a statement of comprehensive income has not been presented.

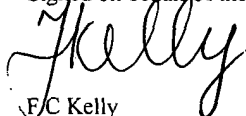
The Company employed no staff during the year (2017: nil).

The audit fee of £5,000 (2017: £5,000) has been borne by another Morgan Stanley Group undertaking in the current and prior year.

There were no movements in equity during the current or prior year. Accordingly, a statement of changes in equity has not been presented.

These financial statements were approved by the Board and authorised for issue on 11 June 2019.

Signed on behalf of the Board



F.C. Kelly
Director

The notes on pages 8 and 9 form an integral part of the financial statements.

MORGAN STANLEY CLIENT SECURITIES NOMINEES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2018

1. CORPORATE INFORMATION

The Company is incorporated and domiciled in England and Wales, United Kingdom, at the following registered address 25 Cabot Square, Canary Wharf, London, E14 4QA, United Kingdom. The Company is a private company and is limited by shares. The registered number of the Company is 09655385.

The Company's immediate parent undertaking and the smallest group of which the Company is a member and for which financial statements are prepared is Morgan Stanley & Co. International plc which has its registered office at 25 Cabot Square, Canary Wharf, London, E14 4QA, United Kingdom. Copies of the financial statements can be obtained from the Registrar of Companies for England and Wales, Companies House, Crown Way, Cardiff, CF14 3UZ.

The Company's ultimate parent undertaking and controlling entity and the largest and smallest group of which the Company is a member and for which group financial statements are prepared is Morgan Stanley which, together with the Company and Morgan Stanley's other subsidiary undertakings, form the Morgan Stanley Group. Morgan Stanley has its registered office c/o The Corporation Trust Company, The Corporation Trust Center, 1209 Orange Street, Wilmington, DE 19801, United States of America and is incorporated in the state of Delaware, in the United States of America. Copies of its financial statements can be obtained from www.morganstanley.com/investorrelations.

2. BASIS OF PREPARATION

Statement of compliance

These financial statements are prepared on a going concern basis as explained in the Strategic Report and under the historical cost convention in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101.

The Company has taken advantage of the disclosure exemptions available under FRS 101 in relation to financial instruments, capital management, presentation of comparative information in respect of shares outstanding, presentation of a cash-flow statement, accounting standards not yet effective and related party transactions.

Where relevant, equivalent disclosures have been provided in the group accounts of Morgan Stanley & Co. International plc in which the Company is consolidated. Copies of Morgan Stanley & Co. International plc's accounts can be obtained as detailed at note 1.

New standards and interpretations adopted during the year

The following standards and amendments to standards relevant to the Company's operations were adopted during the year and did not have a material impact on the Company's financial statements, except where otherwise stated.

IFRS 9 'Financial instruments' ("IFRS 9") was issued by the IASB in November 2009, reissued in October 2010, amended in November 2013, and revised and reissued by the IASB in July 2014. It is effective for annual periods beginning on or after 1 January 2018 and was endorsed by the EU in November 2016. The Company has adopted IFRS 9 from 1 January 2018 with no restatement of comparative periods under the transitional provisions of the Standard. There is no impact on the classification and measurement of the Company's financial assets and liabilities. Impairment of financial assets is based on expected credit losses ("ECL") and the effect on opening reserves was \$nil.

Critical judgements

No judgements have been made in the process of applying the Company's accounting policies that have had a significant effect on the amounts recognised in the financial statements.

MORGAN STANLEY CLIENT SECURITIES NOMINEES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2018

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Functional currency

Items included in the financial statements are measured and presented in Pounds Sterling, the currency of the primary economic environment in which the Company operates.

b. Financial instruments

Financial assets comprise other receivables.

Other receivables are recognised when the Company becomes a party to the contractual provisions of the instrument and are initially measured at fair value and subsequently measured at amortised cost (less allowance for impairment on financial assets).

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risk and rewards of ownership of the asset.

c. Impairment of financial assets

From 1 January 2018, the Company recognises loss allowances for expected credit losses ("ECL") for its financial assets classified at amortised cost. ECLs are the present value of cash shortfalls over the expected life of the financial instrument, discounted at the asset's effective interest rate ("EIR"). ECL is recognised in the statement of comprehensive income within 'Net impairment loss on financial instruments' and is reflected against the carrying amount of the impaired asset on the statement of financial position as an ECL allowance. Until 31 December 2017, impairment losses on financial assets were measured as the difference between the carrying amount and the present value of estimated cash flows discounted at the asset's original EIR.

4. EQUITY

Ordinary share capital

	2018	2017
	£	£
Allotted and fully paid:		
100 ordinary shares of £1 each	100	100

5. EXPECTED MATURITY OF ASSETS

Other receivables relate wholly to amounts due from group undertakings.

None of the Company's assets are expected to be recovered more than twelve months after the reporting period (2017: £none).

6. SEGMENT REPORTING

The Company has only one class of business, as described in the strategic report and operates in a single geographic market, Europe, Middle East and Africa ("EMEA") and accordingly no segmental analysis has been provided.

7. RELATED PARTY DISCLOSURES

Directors' remuneration

The Company's directors are employed by other Morgan Stanley Group entities. The directors' services to the Company are considered to be incidental to their other responsibilities within the Morgan Stanley Group and as such, directors' remuneration is £nil for the current year (2017: £nil).