STATEMENT OF

JAMES P. GORMAN

BEFORE THE

COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS
UNITED STATES SENATE

CONCERNING

ANNUAL OVERSIGHT OF WALL STREET FIRMS

PRESENTED ON

MAY 26, 2021

Prepared Statement

Chairman Brown and members of the committee, thank you for having me here. Last year, none of us could have predicted the extraordinary public health crisis that would unfold around the world.

We remain in the midst of this crisis that has caused serious humanitarian and economic issues, leaving an indelible mark on many of us. Our hearts go out to all of those directly and indirectly impacted by this crisis.

In response to these extraordinary and challenging times, we were focused on serving our clients and our communities, and taking care of our employees.

- We helped our corporate and institutional clients raise additional liquidity and obtain financing. We raised over $50 billion of capital for the industry sectors most affected – airline, cruise and travel. Our team also helped raise healthcare capital for both Moderna and Pfizer, including a sustainable bond issuance by Pfizer to support patient access to medicines and vaccines, especially among underserved populations.
- For our retail clients, we guided them to manage their investment portfolios amidst extreme volatility.

Today's Morgan Stanley, through its three businesses, provides a stable foundation of support in any market environment.

- In our Institutional business, we are a financial advisor to companies and help them raise equity and debt capital – from taking a company public to helping it issue bonds so that it can grow and create jobs. We help public sector entities raise municipal financing. We also help pension funds, mutual funds and other financial institutions trade and manage their assets.
- In our other two businesses – Wealth and Asset Management – we are managing over $5.6 trillion of assets for households and institutions, including endowments and pension funds that manage the retirements of our teachers, firefighters, and other public employees. For millions of U.S. households, our services help families save money – whether for college, retirement or to put a down payment on their mortgages.

Beyond our day-to-day core businesses, we also support the more vulnerable in our communities through philanthropy and employee engagement.

A number of well-publicized events last year led to a heightened and necessary focus on racial and social justice, and a recognition that explicit support and purposeful collective action will be required. Some of our efforts over the past year include:

- Providing grants to Minority Depository Institutions to bolster their loan loss reserves in the wake of the pandemic, and to assist minority and women-owned businesses to ensure an equitable recovery; and
- Starting a program to provide 60 students with full four-year scholarships to Howard University, Morehouse College and Spelman College – three of America's leading Historically Black Colleges and Universities.

In addition, we are concerned that how we deal with climate risk over the next decades will have a profound socioeconomic effect on our communities. Morgan Stanley recognizes the threat that climate change poses – and we are working with our clients to find ways to mitigate its effect.

Finally, early in the pandemic, we committed to making no reductions in our workforce through 2020, thereby providing reassurance to our 70,000+ employees in a very difficult time. I am proud of the commitment they have shown to our clients and to Morgan Stanley in the extraordinary circumstances of the past year.

Chairman Brown, in your letter dated May 7, 2021, you asked me to provide information on additional topics, which are included in the attached addendum.

I now look forward to your questions.

Addendum

1. Your firm's current size, including the number and location of your full-service bank branches and how that compares to ten years ago.

Morgan Stanley employs approximately 68,000 employees—up from 60,000 in 2019. Our employees live and work in 39 countries. In 2020, we reported approximately $48 billion in net revenues and approximately $1.1 trillion in total assets, as compared to approximately $40 billion in net revenues and approximately $850 billion in assets in 2018.

2. **Your firm's complexity, its end of the year capital and leverage ratios, including an assessment of the costs and risk borne by the government and taxpayers due to your firm's size, complexity, and activity mix, as well as the annual dollar value of share buybacks, dividend payments, and other capital distributions by the firm for the past ten years.**

(a) Capital and leverage ratios

We maintain robust capital, liquidity and funding positions to ensure that we can support clients' access to credit and capital markets at all points of the economic cycle, including in severely adverse markets.

Our capital adequacy is measured through regulatory capital standards adopted by the Federal Reserve Board ("FRB"). Our capital ratios have remained at very high levels throughout the pandemic. In fact, our capital ratios are the highest among our peers of similar size. Specifically, as of December 31, 2020, our capital ratios were:

- 17.4% Standardized Common Equity Tier 1 ("CET1") ratio
- 19.4% Standardized tier 1 capital ratio
- 21.5% Standardized total capital ratio
- 8.4% Tier 1 leverage ratio
- 7.4% Supplementary Leverage Ratio ("SLR"), calculated in accordance with the FRB's interim final rule in effect as of December 31, 2020

As of December 31, 2018, our capital ratios were:

- 16.9% Standardized CET1 ratio
- 19.2% Standardized tier 1 capital ratio
- 21.8% Standardized total capital ratio
- 8.4% Tier 1 leverage ratio
- 6.5% SLR

(b) Complexity

No bank is too big to fail—including Morgan Stanley. One of the important lessons learned from the 2008 financial crisis was that banks need to organize themselves to prevent the risk of failure, but also have coherent and credible plans in the event of failure. We have embedded recovery and resolution planning into our practices and believe that we have a credible strategy that demonstrates that the Firm can be resolved without adverse effects on financial stability in the United States or on the broader global economy.

Since the financial crisis, we have more than doubled the size of our wealth management business. And in the past year, we furthered the transformation of our business through the acquisitions of E*TRADE and Eaton Vance—continuing our strategy of maintaining a durable balance sheet and sources of revenue, which should provide more predictable results during various market conditions in the future. Our wealth management and investment management businesses now account for more than half of our revenues.

As an example of risk mitigation, under Dodd-Frank, we are required to have a resolution plan, or “living will,” in place, so that if Morgan Stanley were to fail it would not undermine the wider financial system. As part of that resolution planning, we have taken significant steps such as rationalizing our legal entity structure to make it less complex and ensure that the structure supports our resolution strategy.

We are required to submit a full resolution plan to the regulators every four years, with a mid-cycle update required two years into each four-year cycle. Our next mid-cycle update is required by July 1, 2021. We take resolution planning very seriously. Our senior management participates directly in the development of the plan, and participates in challenge sessions internally and with regulators. Ultimately, our Board of Directors oversees and approves our resolution plan.

Our plan is based on a “Single Point of Entry,” or “SPOE” model. In the event that Morgan Stanley, as a company, were at the point of failure, our plan requires resources to be provided to our material entities so that they can complete a solvent wind-down or successful sales strategy without entering resolution proceedings. As a general matter, our plan contemplates a solvent wind-down – without taxpayer support – of our institutional business and a successful sales strategy of our wealth management and investment management businesses.

(c) Dividends and buybacks

Year (unless otherwise stated)	Common Stock Dividends (in millions)	Per Share amount (Common)	Preferred Stock Dividends (in millions)	$ Value Common Stock Repurchased as part of Share Repurchase Program (in millions)[1]	Total number of shares as part of Share Repurchase Program (in millions)[2]	Total number of shares (in millions)[3]
2011	$354	$0.20	$292	$0	0	11
2012	$400	$0.20	$97	$0	0	13
2013	$250	$0.20	$271	$350	12	27
2014	$703	$0.35	$311	$900	28	46
2015	$1,096	$0.55	$452	$2,125	59	78
2016	$1,348	$0.70	$468	$3,500	117	133
2017	$1,655	$0.90	$523	$3,750	80	92
2018	$1,930	$1.10	$526	$4,860	97	110
2019	$2,161	$1.30	$524	$5,360	121	135

[1] Reflects only the repurchase program and excludes shares acquired in satisfaction of tax withholding obligations related to stock-based compensation programs.
[2] Reflects only the repurchase program and excludes shares acquired in satisfaction of tax withholding obligations related to stock-based compensation programs.
[3] Includes both those acquired as part of the share repurchase program and in satisfaction of withholding obligations.

2020	$2,295	$1.40	$496	$1,347	29	40
Q1 2021	$635	$0.35	$138	$2,135	28	34

3. **Describe your state of compliance with all applicable laws and process made to address past violations of law.**

Morgan Stanley has a comprehensive program to manage risk and help ensure compliance with relevant laws and regulations. The program begins with the Firm's core values, which are communicated to employees through the Firm's Code of Conduct and drive a shared set of behaviors and attributes that help employees make decisions that are consistent with the expectations of our clients, shareholders, regulators, Board of Directors and the public. The Firm employs a three lines of defense model for compliance risk management, which includes first-line business units, the Compliance Department, and Internal Audit, each of which has dedicated resources focused on managing compliance risk for the Firm. The Compliance and Conduct Risk Committee and the Culture Values and Conduct Committee sit within the Firm's Enterprise Risk Management framework and provide senior management oversight for compliance and conduct risk issues across the Firm.

Notwithstanding these efforts, from time to time we make mistakes that result in regulatory enforcement. No regulatory enforcement episode is acceptable, but we learn from our mistakes and we have taken corrective actions in response.

4. Provide successes and failures recruiting a diverse workforce generally and at the highest senior executive level specifically.

I acknowledge that progress in this area has been slow for us—and we can and should do better. The events of 2020 focused all of us in a way we had not been before and this was the ultimate call to action to make meaningful change.

We believe a diverse workforce is important to Morgan Stanley's continued success and our ability to service our clients. Achieving greater diversity throughout the Firm remains a key priority for the Firm and its management team, and we are working hard to achieve our diversity goals. While we are proud of the gains that we have made, there is still work to be done.

Establishing diverse leadership is essential to bringing greater diversity to the Firm as a whole. While change will not happen overnight, we made some immediate changes, which included calling out Diversity & Inclusion as one of our core values, establishing the Institute for Inclusion to provide outside input on our talent and diversity efforts, and elevating Black leaders, including the addition of two Black Managing Directors to the Firm's Operating Committee.

Diversity at the Board of Directors level is a significant priority. Half of our Board is gender or ethnically diverse. Diversity in senior management is also critical to achieving our Firm-wide diversity goals. Twenty-one percent of our Operating Committee is ethnically diverse and 21% are women. With respect to our Management Committee, 31% of the members are ethnically diverse and 23% are women. Moreover, every senior manager is required to have a succession plan for his or her senior team members, and part of that plan must include developing a diverse candidate pipeline.

To build a diverse talent pipeline, we use global, targeted recruitment and development programs to hire, retain and promote women and ethnically diverse talent. From 2015 to 2019, we increased campus hires of women globally, and of Black and Hispanic students in the U.S., by 9% each—to 44% and 25% of all recruits, respectively. We note that U.S. Black Managing Director representation is up 24% from 34 to 42 since year-end 2019. And U.S. Black officer representation is up 29% from 535 to 689 since year-end 2019. In both cases, this growth was driven by a continued focus on hiring and providing promotion opportunities for our talent. And among employees in our most recent Managing Director class, 35% were women and over 25% were ethnically diverse, as we continued to increase their representation. While we have more to do, we are making progress and are committed to continuing to do so.

Our Global Diversity & Inclusion team drives the Firm's strategy across four key pillars: accountability, representation, advancement and culture. In 2020, we published our first annual Diversity and Inclusion Report, which represents the Firm's commitment to our diversity and inclusion strategy, priorities and goals, and provides comprehensive disclosure and information on the composition of our workforce, our progress to date and our efforts and initiatives in advancement and outreach. The report also includes our

EEO-1 data. By providing data about our workforce and diversity and inclusion efforts, we are enabling our stakeholders to monitor and track our progress.

Additionally, for the first time, we published diversity and inclusion data in our SEC Annual Report on Form 10-K. Key data points include:

- 39% of our global and U.S. employees are women;
- 26% of our global officers are women;
- 30% of our U.S. employees are diverse;
- 23% of our U.S. officers are diverse.

Morgan Stanley is committed to providing a work environment that promotes diversity and inclusion, where everyone is treated with dignity and respect. Each of us must act, at all times, with due consideration towards our co-workers, treating others as we would want to be treated. We aim to provide our employees with the best opportunities to realize their potential. Our policies promote equal employment opportunity without discrimination or harassment on the basis of race, color, religion, creed, age, sex, gender, gender identity or expression, sexual orientation, national origin, citizenship, disability, marital, civil partnership or union status, pregnancy, paid parental or maternity leave, veteran or military service status, genetic information or any other characteristic protected by law.

We understand the importance of explicit support and the purposeful participation that is required to effect change. To help accelerate our own efforts, we recently launched the Morgan Stanley Institute for Inclusion ("IFI") guided by an independent Advisory Board. I chair the IFI Board and it includes three of our current Firm-wide Board members. The IFI is focused on catalyzing an integrated and transparent diversity, equity, and inclusion strategy to deliver the full potential of Morgan Stanley and drive meaningful change within the Firm and beyond. We also recently announced the addition of a new core value, Commit to Diversity and Inclusion, to make explicit our commitment to cultivating and supporting a diverse workforce and a culture of belonging across the Firm.

With respect to suppliers, our supplier diversity program, currently a $350 million spend, seeks out minority-owned businesses to supply hundreds of our offices around the globe. We also make investments in diverse businesses, including our recent $100 million investment in Lafayette Square, a minority-owned holding company focused on flexible capital investments in sustainable housing and small businesses that are owned by women and people of color. We are also seeking to expand our wealth management services into new and diverse target markets and have created the Wealth Management Racial Equity Toolkit*,* a guide to racial equity investing.

Moreover, our Multicultural Client Strategy Group helps develop the Firm's strategy to address the significant market inefficiency that limits access to capital by female and multicultural technology entrepreneurs and small business owners. One such initiative is our Multicultural Lab, which supports the growth of tech entrepreneurs of color and women by providing the tools, resources and access to capital they need to succeed. Now in its fourth year, the Lab has invested in 31 companies with a multicultural or woman founder, co-founder, or C-suite executive.

5. **Provide an assessment of your firm's efforts to accelerate the transition to a green economy, by reduction in investment and funding of carbon intensive industries, increased investment in green technologies, and efforts to decrease carbon emissions.**

Recognizing the important role government plays in shaping policy to address these challenges, Morgan Stanley has been very public about the urgent need to address the climate challenge, including expressing support for the United States to stay in the Paris Climate Agreement.

Morgan Stanley, along with many of our peers and clients, signed a December 2020 letter convened by the Center for Climate and Energy Solutions calling on then President-elect Biden and the new Congress to "work together to enact ambitious, durable, bipartisan climate solutions."

Morgan Stanley is a member of the Steering Committee of the Partnership for Carbon Accounting Financials ("PCAF"), which is developing a methodology to track portfolio emissions for financing and lending activities across all sectors and counterparties. PCAF's methodology will help Morgan Stanley as we identify, assess and manage climate-related risks across our business. It will also help us identify client-oriented solutions to these issues as well.

Effectively addressing climate change will take coordinated efforts between the private sector, civil society and government, and we are committed to being part of the solution. We have been publicly on record as supporting a price on carbon as one way to leverage the power of markets to address climate change. We work with clients and customers around the globe to facilitate the transition to a low-carbon economy. We are a long-standing leader in leveraging capital markets to help scale sustainability solutions. In 2009, during the financial crisis, we created the Global Sustainable Finance ("GSF") Group to drive the Firm's sustainability strategy across our Firm and within our businesses.

We focus on climate and Environmental, Social and Governance ("ESG") matters because our clients demand it, because of the potential of these issues to create risks to businesses, and the related opportunity to drive sustainable solutions for our clients. Addressing the climate challenge and supporting our clients are simply good business practices.

In September of last year, Morgan Stanley was the first large U.S. financial institution to commit to net-zero financed emissions by 2050. Alongside Citigroup and Bank of America, we were the first American banks to join the Net Zero Banking Alliance announced last month. We recently announced an updated commitment to mobilize $1 trillion in capital, $750 billion of which will support low-carbon solutions by 2030. We have set a goal to achieve carbon neutrality for our global operations by 2022. As part of this goal, we will source 100% of our global energy needs from renewable energy.

Morgan Stanley is also a leader in sustainable finance, which focuses on making investments that aim to achieve market-rate financial returns while considering positive social and/or environmental impacts. In 2013, we launched the Institute for Sustainable Investing to help find innovative ways to drive capital toward sustainable development solutions. The Institute's Advisory Board, comprised of prominent leaders from business, academia and leading non-governmental organizations, guides our work and strategic priorities.

In 2017, we were the first U.S. financial institution to appoint a Chief Sustainability Officer. We have been working for years with our Wealth Management clients to align their portfolios with their values, including concerns about the impact of climate change.

Our Investing with Impact platform allows our Wealth Management clients to invest according to their sustainability values. For example, they can invest in funds that are specifically focused on financing innovations to address the challenges of climate change. To date, clients have invested more than $55 billion through this platform. We led the first ever corporate green bond offering and led approximately $65 billion green, social and sustainability bonds in 2020, and nearly $150 billion since 2013.

We see an opportunity to address climate change in working with our clients, employees, investors and other stakeholders. Climate change considerations are integrated into the Firm's risk management and governance processes. We have in place an enhanced due diligence process for high-carbon sectors and, when considering oil and gas transactions, we conduct enhanced due diligence and are prudent in the transactions we undertake. We also continue to engage clients to understand, and help them with, their diversification strategies in high-carbon sectors.

6. **Assessment of your firm's contribution to annual growth of the non-financial economy over the last 10 years.**

Morgan Stanley brings together investment, philanthropic and private capital to create lasting positive changes in communities across the United States. As an example, we have supported the creation or retention of nearly 200,000 jobs, created or preserved more than 145,000 units of quality affordable housing, and supported 270 small businesses across the United States through our Community Reinvestment Act ("CRA") program alone, while charitable giving by Morgan Stanley and our employees over the last ten years exceeds $1 billion.

Since 2010, our Community Development Finance group has supported $24 billion in community development loans and investments, $373 million in small business loans and investments, and $325 million in bonds structured and marketed for community development financial institutions ("CDFIs"). For example, we gave $5 million grants to each of Industrial Bank in Washington, D.C. and Citizens Trust Bank in Atlanta, Georgia, and we provided $14.6 million in grants and other support to our long-time partner, Carver Bancorp, a CDFI headquartered in Harlem, New York. Our support enabled each of these institutions to strengthen their capital position so that they could continue to provide financing to their small business and retail clients during the COVID-19 pandemic.

We also look for opportunities to link affordable housing, access to health care, and access to transportation for job opportunities. Morgan Stanley remains committed to supporting affordable housing, while also continuing to integrate climate risk matters into our investment and lending process. For example, Morgan Stanley has a robust commitment to investing in affordable housing being constructed near transportation as we believe this is supportive of not only climate change issues, but also serves to benefit lower income households by greatly reducing the need to own and maintain private vehicles.

In addition to our CDFI efforts, our Firm strategy, combined with a strong culture, enables Morgan Stanley to play a vital role in supporting the U.S. economy, our communities, and individual families, through the lens of responsible corporate citizenship. We have worked with new companies across economic sectors to take them public, so they can raise the capital they need to grow and create jobs. We help companies raise financing, which allows them to expand operations and invest in future growth. We help pension funds invest, so they can grow their assets and meet their obligations to retirees. We help college endowments invest and earn a return that allows them to increase scholarship funds for students in need of financial assistance. We work with individual families to plan for their financial futures, whether that is saving for college, preparing for retirement, or creating a legacy of philanthropic giving. We underwrite municipal bonds that enable cities across the country to renovate schools and build new parks. As one example, Morgan Stanley is the leading underwriter of bonds for California's community colleges, which serve more than 2.1 million students annually, making it the largest system of higher education in the nation. Since 2014, Morgan Stanley has helped these colleges raise more than $8 billion to fund critical investments in campus facilities that support a wide range of programs, including public service programs such as nursing, firefighters, police and veterans support.

As a leader in sustainable finance, we have also supported the development of innovative sustainable solutions, including supporting approximately $150 billion in green, social, sustainability and sustainability-linked bond transactions from 2013-2020. In 2020 alone, we supported the largest-ever corporate sustainability bond of $5.75 billion, and joint-led the issuance of a $1 billion social bond for the Ford Foundation to stabilize and strengthen nonprofit organizations, and provide aid to vulnerable communities hard hit by the pandemic and economic fallout. The bond is the first offering by a U.S. nonprofit foundation in the taxable corporate bond market.

Furthermore, our culture includes a strong commitment to supporting the communities where we live and work. We established the Morgan Stanley Foundation in 1961, to enable us to deliver long-term support for community needs, with a particular focus on the needs of children. Since 1973, the Firm and its Foundation have provided critical leadership and support to the Morgan Stanley Children's Hospital (and its predecessor, the Columbia Presbyterian's Babies & Children's Hospital). Further, through our more than 10-year ongoing partnership with Feeding America, we have delivered more than 320 million meals for children and families across the United States. We don't however solely write checks. We believe that the talents and hard work of our employees can significantly increase our impact, and our community support efforts include substantial pro bono, skills based and hands-on engagement. For 16 years, we have dedicated the month of June as our Global Volunteer Month, engaging our employees and delivering more than 4.5 million volunteer hours since 2010, and serving cities across the globe. Further, more than 90% of our employees are actively engaged through the Firm in their communities.

7. **Assessment of your firm's response to the non-financial economy's needs throughout the COVID-19 pandemic**

We supported our communities and clients during a period of unprecedented challenge over the past year. We supported the more vulnerable in our communities through charitable donations and employee engagement and we believe we made a difference. Rising to meet the needs of our communities, Morgan Stanley delivered more than $90 million in 2020 in response to COVID-19, the related economic fallout and the racial justice movement. This included dedicating a number of grants to organizations fighting hunger, supporting disease control and channeling financial aid to the most vulnerable people, including low-wage earners.

Our employees actively supported efforts, with more than 10,000 participating in COVID-19 Hunger Relief and the NAACP Legal Defense Fund Social Justice Campaign. In New York, we contributed to the New York Loan Fund that assists small businesses, nonprofits and small landlords that did not receive federal assistance and provided financial assistance to 2,000 street vendors across the city who were suffering business losses.

As discussed in the response to Question 8, we also announced grants to minority depository institutions to bolster their loan loss reserves in the wake of the pandemic, and to assist minority and women-owned businesses to ensure an equitable recovery. Additionally, as part of the Move for Meals, nearly 11,000 employees in more than 440 cities walked nearly 240 million steps to raise awareness of hunger globally exacerbated by COVID-19. Through this campaign, we supported 25 million meals through 24 global hunger relief options.

During the crisis, we engaged with clients as we supported market and client activity; took in increased deposits from Wealth Management clients; extended credit to our institutional and retail clients and provided them with additional liquidity; and provided financing to support COVID-19-impacted clients across multiple sectors. At the height of the pandemic, we approved requests for forbearance, or deferral of principal and interest payments, on loans with unpaid principal balances of approximately $3 billion, primarily in commercial and residential real estate.

In our investment banking and capital market businesses, we leveraged our core client relationships to deliver funding and advice across products and sectors, and stepped up for clients by providing capital and trusted advice and risk solutions. We raised over $50 billion of capital for the industry sectors most affected, including the airline, cruise, and travel industries. We supported some clients with increased lines of credit and provided others with opportunities to monetize assets.

Additionally, our business activities included a number of transactions that aim to address COVID-19 recovery. For example, we supported a number of sustainability and social bonds, including a first-of-its kind issuance by Pfizer to support patient access to medicines and vaccines, especially among underserved populations.

8. **Provide an assessment of your firm's efforts to identify and alter policies and practices by your institution that contribute to systemic racism and inequality. Discuss the impacts of your firm's lending, investment, and trading activities on racial and economic inequality in the broader economy generally and in labor markets specifically.**

It is clear that the racial injustice and inequality that has existed in our society for a very long time has not been resolved. At Morgan Stanley, we want to be part of the solution.

In addition to supporting and advising on internal diversity and inclusion efforts, the Morgan Stanley Institute for Inclusion is focused on investing to advance economic outcomes in underserved communities through products and services, business practices, spending and thought leadership, and supporting underserved communities with philanthropy that strengthens such communities, with near-term focus addressing some gaps created by long-term systemic disenfranchisement. I chair the Institute for Inclusion and it is overseen by an independent board of external advisors, made up of leaders from organizations that have long advocated for civil rights, and others who represent the business, academic and philanthropic communities interested in racial equality, including several of our Board members.

We realize Morgan Stanley has a responsibility to help address social injustice beyond the four walls of our offices. We therefore made a decision to support a number of external organizations driving racial equity in our communities, with donations totaling more than $30 million, including to the NAACP Legal Defense and Education Fund and Carver Bank in New York, Industrial Bank in Washington D.C., and Citizens Bank in Atlanta.

We also recently launched the Morgan Stanley Historically Black Colleges and Universities Scholars Program, partnering with Howard University, Spelman College and Morehouse College to award full needs-based scholarships to 60 students, not only to build a strong and diverse pipeline of talent, but also to eliminate finance as a barrier to achieving a quality secondary education. This complements our long-standing Richard B. Fisher summer intern and college scholarship program which, through 2019, provided scholarships to more than 600 students, and eight in ten Richard B. Fisher scholars have taken jobs with us as full-time analysts after graduation.

We also bring together investment and philanthropic and private capital to create lasting positive changes in underserved communities. Collaborating with community and nonprofit partners, our programs seeks to transform people's quality of life through a focus on critical items such as the preservation and development of sustainable, multifamily affordable rental housing, healthy communities, economic development that supports quality jobs and capital for underserved, small and rural markets. For example in 2020, we issued a $1 billion social bond that aims to advance this work by directing capital to affordable housing and announced a $15 billion plan to increase lending and investments in lower-income communities with the National Community Reinvestment Coalition.

We have published a number of critical research studies addressing the need for greater diversity in leadership and in the distribution of investment capital. This research enables us to analyze and address our industry's adverse impacts on nonwhite stakeholders and communities of color, and has helped guide our efforts to drive positive change.

Additionally, our supplier diversity program, currently a $350 million spend, seeks out minority-owned businesses to supply hundreds of our offices around the globe. Maintaining a diverse vendor base helps support the building and growth of economies in the communities in which we operate.

We also make investments in diverse businesses, including our recent $100 million investment in Lafayette Square, a minority-owned holding company focused on flexible capital investments in sustainable housing and small businesses that are owned by women and people of color. We are seeking to expand our Wealth Management services into new and diverse target markets and have created the Wealth Management *Racial Equity Toolkit*, a guide to racial equity investing.

Our Multicultural Client Strategy Group helps develop the Firm's strategy to address the significant market inefficiency that limits access to capital by female and multicultural technology entrepreneurs and small business owners. One such initiative is our Multicultural Lab, which supports the growth of tech entrepreneurs of color and women by providing the tools, resources and access to capital they need to succeed. The objective of the Lab is to level the playing field for these entrepreneurs from an access standpoint and help close the funding gap that currently exists. Since 2017, the Lab has funded 43 companies, including investing approximately $10 million in seed to series A companies with multicultural/women founders. In addition, the Lab provides the companies with introductions to corporate clients and large contracts, mentoring, and expert advice. Building on the Lab's success, we are doubling the size of our investment to 20 companies. The Lab seeks to couple a financial contribution by Morgan Stanley, in the form of an equity stake in the company, with world-class resources to help entrepreneurs take their business to the next level.

9. Your assessment of your firm's impact on the consolidation of the banking industry, as well as that consolidation's impact on the availability of affordable and accessible banking services in communities and industries across the country, particularly rural and low-income communities.

We have seen a number of consolidations among regional retail banks over the past several years. We believe that these have been driven by a number of factors, including a desire to broaden the customer base, broaden product offerings, increase scale and drive operating efficiencies, and potentially reduce technology, operational, and regulatory costs. Given the nature of our business model and strategic focus, we are not considering, and for the foreseeable future do not expect to pursue, any retail bank acquisition.

We announced two acquisitions of our own in 2020, of E*TRADE and Eaton Vance. Both transactions were compelling because E*TRADE and Eaton Vance were strong, high-performing companies whose businesses closely complemented our existing Wealth Management and Investment Management businesses. The client and product overlap between Morgan Stanley and E*TRADE and Eaton Vance was very limited. For example, Morgan Stanley did not have a previous footprint in E*TRADE's core, self-directed, digital brokerage business. That lack of overlap was a major factor in both transactions.

Our acquisitions of E*TRADE and Eaton Vance were both reviewed and cleared by the DOJ's Antitrust Division. In addition, the Federal Reserve reviewed the competitive impact of the E*TRADE acquisition as part of its approval of that transaction, and found that it would not have a significant effect on competition.

We are not a brick-and-mortar bank and do not have retail bank branch offices. As a result, we have limited ability to reach all segments of the population. We do, however, support the clients and communities in which we operate. In 2020, we announced a four-year, $15 billion plan that expands our community development activities. The principal areas of focus for our program are affordable housing, including in rural and small, underserved markets, support for community development financial institutions ("CDFIs"), and small business and economic development.

We take particular pride in our ability to leverage Morgan Stanley's capital markets expertise to find new ways to address important community development goals, such as preservation of existing affordable housing. One hundred percent of our affordable housing private equity also includes funding for quality of life issues, which includes access to broadband, assistance in resident access to the earned income tax credit, after school education, and senior aging-in-place healthcare services.

10. Describe the benefits provided your firm by the federal government, including but not limited to, the value of direct and indirect support of your firm through federal programs, facilities and public infrastructure over the last 10 years.

(a) Federal Support During COVID-19

Morgan Stanley participated in certain FRB programs launched in 2020 in response to the pandemic. These included (1) the Primary Dealer Credit Facility ("PDCF") and (2) the Money Market Mutual Fund Liquidity Facility ("MMLF").

The PDCF permitted primary dealer U.S. broker-dealers to pledge high-quality collateral to the FRB for liquidity. Morgan Stanley participated in the PDCF from March 20, 2020 to May 14, 2020, with a maximum drawn amount of $500 million. We exited from the program well in advance of its expiry date on March 31, 2021. The PDCF is an important tool for stabilizing markets, and we paid all interest due on our borrowings.

Additionally, Morgan Stanley's Investment Management business segment sponsors money market funds ("MMFs"). When the money markets froze in spring 2020, Morgan Stanley-sponsored MMFs sold assets that were pledged as collateral to the MMLF from March 20, 2020 to April 22, 2020. Morgan Stanley-sponsored MMFs ceased using the program well in advance of its expiry date on March 31, 2021. The MMLF was an important tool for stabilizing markets.

Morgan Stanley did not receive PPP funds, and did not participate in the PPP as a lender, as our banks are not registered with the Small Business Administration as required to participate in the program.

(b) Non-COVID-19-Related Federal Support Since 2011

Like all American businesses and households, Morgan Stanley benefits in various ways from the stability and opportunities provided by the federal government's investments in broad-based projects, including public infrastructure. Similarly, we benefit, directly and indirectly, from operating in a society that supports home ownership, education and public health initiatives, all of which are supported in various ways by federal, state and local governments.

Morgan Stanley has not been a beneficiary of any extraordinary, Firm-specific federal government support since 2011.