Subscription Agreement

Morgan Stanley Finance LLC
as Issuer

KGI Securities Co. Ltd.
as Lead Manager

First Commercial Bank
as Manager

Morgan Stanley Finance LLC USD 30,000,000 Floating Rate Notes due 3 March 2037 issued under the Regulation S Program for the Issuance of Notes, Series A and B, Warrants and Certificates

10 February 2022

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THIS AGREEMENT is made on 10 February 2022

BETWEEN:

(1) **MORGAN STANLEY FINANCE LLC,** a Delaware corporation whose registered office is at The Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801, U.S.A. (the **"Issuer"**);

(2) **KGI SECURITIES CO. LTD.** of 700 Mingshui Road, Taipei 104, Taiwan, R. O. C. ("**KGI**" or "**Lead Manager**"); and

(3) **FIRST COMMERCIAL BANK** of 30,Chung King South Road,Sec. 1 Taipei 100 ,Taiwan, R.O.C. **("FCB")**;

(KGI and FCB each a "**Manager**" and together the "**Managers**").

RECITALS:

(A) The Issuer had established a Regulation S Program (**"Program"**) for the issuance of Notes, Series A and B, Warrants and Certificates, under which the Issuer proposes to issue Morgan Stanley Finance LLC USD 30,000,000 Floating Rate Notes due 3 March 2037 (with an ISIN of XS2175199699, the "**Notes**"). The Notes are expected to have the terms set forth in this Agreement, but the final terms of the Notes will be those set forth in the Pricing Supplement (as defined below).

(B) The Issuer and the Managers propose to enter into this Subscription Agreement (the "**Agreement**") in order to facilitate the purchase by the Managers from the Issuer of the Notes, and for the Issuer to appoint the Lead Manager as its Filing Agent (as defined below), and the Lead Manager as its Liquidity Provider (as defined below), in each case, on the terms and subject to the conditions set out herein. For the avoidance of doubt, the Distribution Agreement dated 25 June 2021 (as modified and/or amended and/or restated and/or replaced from time to time, the "**Distribution Agreement**") under the Program shall not apply to the offer and sale of the Notes.

(C) The Notes will be offered pursuant to the Offering Circular for Notes, Warrants and Certificates under the Program dated 25 June 2021 (as may be supplemented or updated from time to time, the "**Offering Circular**") and the pricing supplement to be prepared by the Issuer in relation to the Notes and separately provided to the Managers (the "**Pricing Supplement**").

(D) The Notes are intended to be listed on the Taipei Exchange (the "**TPEx**") in the Republic of China (the "**R.O.C.**") and application will be made to the TPEx for the listing and trading of the Notes on the TPEx (the "**TPEx Listing and Trading Application**").

IT IS HEREBY AGREED as follows:

1. **DEFINITIONS**

1.1 Capitalised terms not defined in this Agreement are references to those terms as defined in the (i) Distribution Agreement and (ii) issue and paying agency agreement under the Program dated 30 November 2000 as modified and restated on 25 June 2021 (the "**Issue and Paying Agency Agreement**", which expression shall include any amendments or supplements thereto or restatements thereof) and/or (iii) Conditions (as defined below) applicable to the Notes.

In the event of a conflict between the definitions in the Issue and Paying Agency Agreement or the Distribution Agreement and the applicable Conditions, the definitions in

the Conditions will prevail. Terms defined in the Recitals hereto shall have such meaning in this Agreement.

In this Agreement, the following words, expressions and abbreviations shall have the following meanings, unless the context otherwise requires:

"**Conditions**" means the terms and conditions applicable to the Notes, as set forth in the Offering Circular as supplemented by the Pricing Supplement, together with the provisions of the Global Registered Note (which shall prevail in the event of a conflict between such provisions and those described in above, save in relation to the terms of the Pricing Supplement which shall prevail over the provisions of the Global Registered Note);

"**MSIP**" means Morgan Stanley & Co. International plc, with its registered office at 25 Cabot Square, Canary Wharf, London E14 4QA, United Kingdom;

"**Regulation S**" means Regulation S under the Securities Act;

"**Securities Act**" means the U.S. Securities Act of 1933, as amended;

"**U.S. Person**" has the meaning ascribed to it in Regulation S; and

"**USD**" means United States dollars.

1.2 ***Legislation; Regulation; Order.*** Any references in this Agreement to any legislation (whether primary legislation or regulations or other subsidiary legislation made pursuant to primary legislation) shall be construed as a reference to such legislation as the same may have been, or may from time to time be modified, extended, amended or re-enacted.

1.3 ***Number; Gender.*** Words denoting the singular number only shall include the plural number also and vice versa; words denoting the masculine gender only shall include the feminine gender also; and words denoting persons only shall include firms, companies, states or agencies of states and any joint venture, association or partnership and vice versa.

1.4 ***Construction.*** References in this Agreement to this Agreement or any other document shall be construed as references to this Agreement or those documents as amended, supplemented or replaced from time to time in relation to the Program and include any document which amends, supplements or replaces them.

1.5 ***Headings.*** Headings to clauses and schedules are for convenience only and do not affect the interpretation of this Agreement.

2. ISSUE AND SUBSCRIPTION FOR THE NOTES

2.1 Issue and subscription

Subject to the terms and conditions hereof, the Issuer agrees to issue the Notes on 3 March 2022 or such later date as the Issuer and the Managers may agree in writing (the "**Closing Date**") and each Manager severally but not jointly agrees with the Issuer to subscribe, on the firm commitment basis, for the principal amount of the Notes set out in the column "*Subscription Commitment*" in the row corresponding to such Manager of its commitment set out below on the Closing Date in accordance with the terms of clause 3 (*Closing*):

Manager	Subscription Commitment
KGI	USD 15,000,000
FCB	USD 15,000,000

TOTAL	USD 30,000,000

The Notes will be issued at a price (the "**Issue Price**") equal to 100 per cent. of their principal amount. The Notes were priced on 10 February 2022.

2.2 The Issuer confirms that it has approved or will approve the Pricing Supplement in connection with the issue of the Notes and authorises the Managers to distribute sufficient copies of the Offering Circular and the Pricing Supplement in connection with the offering and sale of the Notes to the potential Professional Institutional Investors (as defined in the Appendix to this Agreement) by e-mail or by physical delivery.

2.3 **Managers' Obligations**

The obligations of each Manager under this Agreement are several and not joint, and are in the amount as specified in clause 2.1 (*Issue and subscription*) above. If any one or more of the Managers fails to subscribe and pay for any of the Notes agreed to be subscribed and paid for by such Manager (the "**Default Securities**") and the failure constitutes a default in the performance of its or their obligations under this Agreement, the remaining Managers shall (i) remain bound to subscribe and pay for the Notes which each such Manager has agreed to subscribe and pay for as specified in clause 2.1 (*Issue and subscription*) above, and (ii) be entitled (but not bound) to subscribe and pay for, or to procure subscription and payment for all or any of the Default Securities and the commission of the defaulting Manager shall be payable to each non-defaulting Manager in proportion to the aggregate principal amount of Default Securities for which it subscribes and pays (if any), or for which they procure subscription and payment. Nothing in this Agreement shall relieve any defaulting Manager of its liability, if any, to the Issuer and any non-defaulting Manager for damages caused by its default.

3. **CLOSING**

3.1 **Issue of the Notes**

The Issuer will issue the Notes on the terms, and subject to and in accordance with, the Indenture.

3.2 **Payment**

Each Manager will pay or cause to be paid to the Issuer by no later than 2:00 p.m., Taipei time (or such other time as may be agreed by the parties) on the Closing Date in immediately available funds the full subscription moneys for the Notes it has subscribed for as set out in clause 2 (*Issue and Subscription for the Notes*) above, less a commission fee of 0.10 per cent. of the aggregate principal amount of the Notes it has subscribed for. Such payment shall be made by the common depositary (the "**Common Depositary**") for Euroclear and Clearstream, Luxembourg, in USD in immediately available funds to such account of the Issuer (or, if so instructed by the Issuer, to the account of the Facilitation Agent) as shall be notified by the Issuer to the Managers (evidence of such payment taking the form of a confirmation by the Common Depositary that it has made the relevant payment to the Issuer (or, as instructed by the Issuer, to the Facilitation Agent), as against receipt by the Common Depositary of the Global Registered Note from the Issuer (or the Facilitation Agent), for delivery versus payment settlement in the ordinary course).

3.3 **MSIP as Facilitation Agent**

The Issuer has appointed MSIP (the "**Facilitation Agent**") to act as its agent to facilitate the settlement of the Notes on the terms set out in clause 3.2 (*Payment*) above. For the avoidance of doubt, the Issuer will not appoint MSIP as an underwriter in connection with the offering the Notes.

4. CONDITIONS PRECEDENT

4.1 The obligation of each of the Managers to subscribe for the Notes is subject to the following conditions precedent:

(a) (i) the representations and warranties of the Issuer set forth in clause 8.3 (*Representations, Warranties and Covenants of the Issuer*) hereto being true, accurate and correct in all material respects at, and as if made on, the Closing Date and (ii) the Issuer having performed all of its obligations under this Agreement to be performed on or before the Closing Date;

(b) the Issuer having received approval from TPEx for listing and trading of the Notes on TPEx, subject only to the issue of the Notes; and

(c) the Taiwan Securities Association ("**TSA**") has granted its approval for this Agreement to be entered into its records.

4.2 If any of the conditions set forth in clause 4.1 above is not satisfied on or (where applicable) before the Closing Date, this Agreement shall terminate on such date, provided the Managers may at their discretion waive any of the aforesaid conditions other than clause 4.1(b) above. Without prejudice to clause 11 (*Survival of Representations and Obligations*), upon such termination the parties hereto shall be under no further liability arising out of this Agreement.

5. APPOINTMENT AS FILING AGENT

The Issuer hereby appoints the Lead Manager to act as filing agent (the "**Filing Agent**") with respect to the TPEx Listing and Trading Application, to assist the Issuer in:

(a) preparing the relevant documents as required by the Central Bank of the Republic of China (Taiwan) (the "**CBC**") and the TPEx, making a reporting to the CBC (with copies to the TPEx) or making other regulatory filings (if any) in connection with the offer and issue of the Notes in Taiwan; and

(b) preparing the relevant documents and filing the listing application with the TPEx for the listing of, and permission to deal in, the Notes on the TPEx.

6. APPOINTMENT AS LIQUIDITY PROVIDER

The Issuer hereby appoints (the "**Quotation Appointment**") the Lead Manager ("**Liquidity Provider**") as a securities firm for providing quotations in respect of the Notes in accordance with Article 24-1 of the Taipei Exchange Rules Governing Management of Foreign Currency Denominated International Bonds (the "**TPEx Rules**") and the Lead Manager hereby accepts the Quotation Appointment and agrees to provide the quotations in accordance with the TPEx Rules so long as the Notes are listed on the TPEx.

7. EXPENSES

The Managers and the Issuer shall be accountable for their own respective expenses in connection with their entering into and performance under this Agreement unless otherwise provided herein. Each Manager shall pay stamp duties which are payable under the laws of the ROC in connection with the execution and delivery of this Agreement if this Agreement is executed in the ROC.

8. REPRESENTATIONS, WARRANTIES AND COVENANTS

8.1 Representations, Warranties and Covenants of both parties

Each party represents, warrants and covenants as at the date of this Agreement:

(a) **This Agreement**

(i) it has the corporate power to carry on its business as it is now being conducted;

(ii) it has full power and authority to enter into and perform its obligations under this Agreement; and

(iii) it has authorized the execution and performance of this Agreement.

(b) **FATCA**. For purposes of FATCA (section 1471-1474 of the US Internal Revenue Code of 1986 and any intergovernmental agreements related thereto) if it is a foreign financial institution it will use its commercially reasonable endeavours to be a participating foreign financial institution or a deemed compliant foreign financial institution.

8.2 **Representations, Warranties and Covenants of each Manager**

(a) Each Manager represents and warrants to and covenants with the Issuer as at the date hereof and as at the Closing Date that:

(i) **This Agreement**. the execution and performance of this Agreement does not violate any law, regulation or authorization (including for the avoidance of doubt all applicable regulatory rules, directives and codes of conduct), its constitutive documents or any document which is binding on it;

(ii) **Licences and consents**. all licences, consents, approvals, authorisations, orders and clearances of all regulatory authorities required by it, including without limitation from the R.O.C. Financial Supervisory Commission and the CBC for or in connection with the subscription and/or distribution of the Notes and the compliance by it with the terms of any of the foregoing have been obtained and are in full force and effect;

(iii) **Acting as principal**. its purchase of the Notes will only be as principal, and that it is not acting as an agent or in any other capacity for the Issuer or any other third party;

(iv) **No representation**. it has not made and will not make any representations, warranties or other statements intended to have legal effect on behalf of the Issuer;

(v) **Sole responsibility for purchase**. it will be solely responsible for purchasing the Notes;

(vi) **No Advice**. it will not be receiving advice or any recommendations, representations or warranties from the Issuer except as set forth in this Agreement;

(vii) **Assessing prospective investors**. it has been and will be solely responsible for assessing the suitability of the sale of the Notes to the prospective investors and ensuring that any required, appropriate and suitable disclosure and documentation in respect of the Notes is supplied to such investors;

(viii) **Training**. it has been and will be solely responsible for ensuring that relevant staff have the necessary training, skills and knowledge to understand the terms, conditions and risks of the Notes such that they are

capable of adequately performing the suitability analysis set out in the immediately preceding clause;

(ix) **Appropriate processes**. it has implemented appropriate processes and procedures in respect of such distribution to ensure compliance with applicable regulatory requirements;

(x) **Communication to investors**. any marketing communication presented by it to an investor in the Notes regarding the Notes shall be a fair and balanced picture regarding both the risks and benefits of investing in the Notes, contain a prominent statement disclaiming the Issuer's liability for such materials, and consistent with the Offering Circular and the Pricing Supplement, and if at any time it becomes aware that it has failed to comply with the undertakings contained in this paragraph, it will promptly notify the Issuer of such non-compliance;

(xi) **Anti-money laundering**. it is currently in compliance, and undertakes to remain in compliance, with all applicable anti-money laundering and anti-bribery laws and regulations or practices and undertakes to comply with any request by the Issuer to provide any and all information (unless precluded by applicable law) in respect of its compliance with any such anti-money laundering and anti-bribery laws and regulations relating to any sale or transfer of the Notes;

(xii) **Issuer's material**. it has not used and undertakes not to use any advertising, promotional, offering or other materials or logos, supplied by or referred to the Issuer in respect of the Notes, without the Issuer's prior written approval;

(xiii) **Compliance with laws and regulations**. it has not and will not, directly or indirectly, purchase, deliver, offer, sell or arrange the sale of the Notes, possess, distribute or publish any offering circular, prospectus, form of application, advertisement, other documents or information, or carry out any type of solicitation in connection with the Notes in any country or jurisdiction, except under circumstances that will result in compliance with all applicable laws and regulations and in accordance with the selling restrictions set forth in the Schedule (*Selling Restrictions*) hereto and set out in the Offering Circular and the Pricing Supplement or, if any consent, approval or permission is needed by the Lead Manager or for or on behalf of the Issuer, unless such consent, approval or permission has been obtained;

(xiv) **Authorisation**. it has obtained and maintained and will obtain and maintain all authorisations and licences required by the laws and regulations of the relevant jurisdictions concerning the offer, purchase or sale of the Notes, or arrangement of such transactions;

(xv) **Power and authority**. it has only engaged and will only engage in activities and actions, including entering into this Agreement, for which it has power and authority to do so;

(xvi) **Compliance with its duties**. it has complied with and will comply with all its duties to holders and prospective holders of the Notes, including (without limitation) disclosure of conflicts of interest, commission payments, fees and rebates;

(xvii) **Established practices**. it has performed and will perform any associated activities and actions in a manner consistent with the established practice for offering and selling the Notes;

(xviii) **Advertising and promotional material**. any and all advertising, offering and promotional materials including those produced by or in conjunction with the Issuer, have complied and will comply with the relevant requirements under applicable laws and regulations in R.O.C.; if at any time it is unable or fails to comply with the undertakings contained in this paragraph, it will promptly notify the Issuer of such non-compliance;

(xix) **No third parties**. it has not involved and will not involve third parties (including, without limitation, introducing brokers, sales agents and traders who perform sales in return for a concession, fee or other form of remuneration, (including, without limitation, rebates or discounts)), in the distribution, sale or transfer of the Notes;

(xx) **Disclosure of information on fees**. if required by applicable law, regulation or customary market practice, it has informed and will inform its clients and any other applicable party about entering into this Agreement, as well as the type and amount of any compensation, commission payments, rebates, discounts and fees to which it is entitled under this Agreement; it will ensure, including by way of contractual agreements with its clients, if required, that it is entitled to retain the remuneration it receives; notwithstanding the foregoing, the Issuer retains the right to disclose information relating to any such compensation, commission payment, discount or fee and this Agreement, if requested or required by any judicial, regulatory or governmental body, or as otherwise required by applicable law, regulation or customary market practice; and

(xxi) **Investor confirmation and purchase application**. it has ensured and will ensure that each prospective holder of Notes purchasing the Notes from it will, at the time of submitting an application to purchase the Notes from it, confirm that it has read and understood the information, including but not limited to, the investor confirmations set out in the Offering Circular and the Pricing Supplement prepared in relation to the Notes and if the prospective holder of Notes is not able to so confirm, it will give it an opportunity to read the relevant documents and/or assistance to understand and make such confirmations and will provide the Issuer with a copy of its form of purchase applications.

(b) The Liquidity Provider represents and warrants to and covenants with the Issuer as at the date hereof and as at the Closing Date that:

(A) all licences, consents, approvals, authorisations, orders and clearances of all regulatory authorities required by it in connection with the Quotation Appointment on the terms specified herein have been obtained and are in full force and effect;

(B) it shall at all times perform its duties and obligations under the Quotation Appointment in compliance with all applicable laws, including without limitation Article 24-1 of the TPEx Rules; and

(C) it will be solely responsible for its duties and obligations under the Quotation Appointment and it shall perform all of its duties and obligations under the Quotation Appointment without any reliance on the Issuer, or any of its respective affiliates.

(c) Each Manager represents and warrants to and covenants with the Issuer as at the date hereof and on each date up to and including the Closing Date that:

(i) **Compliance with laws and regulations**. it has complied with and will comply with all applicable laws and regulations in the purchase, underwriting and/or distribution of the Notes;

(ii) **Compliance with offering and selling restrictions.** as of each such date, it has complied and covenants to the Issuer that it will comply with the applicable restrictions on offers, sales and deliveries of the Notes as set out in the Offering Circular (in particular, in the sections "*Subscription and Sale*" and "*No Ownership by U.S. Persons*"), the Pricing Supplement and in this Agreement, including the Schedule (*Selling Restrictions*) hereto; and

(iii) **Compliance with R.O.C. selling restrictions.** the Notes have not been, and shall not be, offered or sold, directly or indirectly, other than to Professional Institutional Investors as defined under Paragraph 2, Article 4 of the Financial Consumer Protection Act (as detailed in the Appendix to this Agreement).

(iv) **Compliance with the PRC selling restrictions.** the Notes have not been, and shall not be, offered or sold, directly or indirectly, in mainland China, except as permitted by the securities laws of the People's Republic of China.

(d) Each Manager represents and warrants to and covenants with the Issuer as at the date hereof and as of each date thereafter that the commissions payable to the Managers may not be repaid or refunded by the Managers by any means or in any form to the Issuer or its related parties or their designated persons.

(e) The Lead Manager covenants with the Issuer that it will prepare for submission of this Agreement to the TSA for its review and recordation as soon as this Agreement is executed but no later than four (4) business days prior to the Closing Date.

8.3 **Representations, Warranties and Covenants of the Issuer**

The Issuer represents and warrants to and covenants with each Manager as at the date hereof and as at the Closing Date that:

(a) **This Agreement.** The execution and delivery of this Agreement by the Issuer will not contravene any provision of applicable law or the certificate of incorporation or by-laws of the Issuer or any agreement or other instrument binding upon the Issuer or any of its subsidiaries that is material to the Issuer and its consolidated subsidiaries, taken as a whole.

(b) **Offering Circular.** The Offering Circular does not contain and as amended or supplemented, if applicable, will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, except that such representations and warranties shall be deemed not to cover information concerning an offering of the Notes to the extent such information will be set forth in a supplement to the Offering Circular or the Pricing Supplement;

(c) **Indenture**. The Indenture has been duly authorized, executed and delivered by the Issuer, and is a valid and binding agreement of the Issuer, enforceable in accordance with its terms except as the enforceability thereof (i) may be limited by bankruptcy, insolvency, reorganization, liquidation, moratorium and other similar laws affecting creditors' rights generally and (ii) is subject to general principles of equity, regardless of whether such enforceability is considered at a proceeding in equity or at law; and

(d) **U.S. Securities Law.**

(i) Neither the Issuer nor any of its affiliates (as defined in Rule 405 under the Securities Act) or any person acting on behalf of the Issuer or any of its affiliates, has offered or sold the Notes except outside the United States to persons who are not U.S. Persons in accordance with Rule 903 of Regulation S and in compliance with the offering restrictions requirement of Regulation S with respect thereto.

(ii) Neither the Issuer nor any of its affiliates (as defined in Rule 405 under the Securities Act), or any person acting on behalf of the Issuer or any of its affiliates (other than the Managers, as to whom no representation is made) has engaged in any directed selling efforts (as defined in Regulation S under the Securities Act) with respect to the Notes and the Issuer has implemented the necessary "Offering Restrictions" (as such term is defined in Regulation S).

(iii) The Issuer is not, and after giving effect to the offering and sale of the Notes and the application of the proceeds thereof as described in the Offering Circular, will not be required to register as, an "investment company" as such term is defined in the Investment Company Act of 1940, as amended.

9. INDEMNIFICATION

9.1 Each Manager undertakes to the Issuer that if the Issuer or any of its affiliates or any person who controls the Issuer within the meaning of section 15 of the Securities Act or section 20 of the U.S. Securities Exchange Act of 1934 as amended or any of the respective representatives, directors, officers and employees (each, an "**Issuer Relevant Party**") incurs any losses, claims, damages or liabilities (an "**Issuer Loss**") arising out of or in relation to or in connection with breach by such Manager of any of the provisions of 8.1 (*Representations, Warranties and Covenants of both parties*) and 8.2 (*Representations, Warranties and Covenants of each Manager*), such Manager shall (subject as provided in clause 9.3 below) pay to the Issuer on demand, an amount equal to such Issuer Loss, provided that such Manager shall not be liable hereunder for any Loss arising from the sale by it of any Notes to any person believed in good faith by such Manager, on reasonable grounds and without actual knowledge on the part of such Manager to the contrary and following all reasonable and customary diligence by such Manager, to be a person to whom the Notes could properly be sold in compliance with the provisions of clause 8.2 (*Representations, Warranties and Covenants of each Manager*).

9.2 The Issuer undertakes to each Manager that if such Manager, its affiliates, or any of its directors, officers and employees (each a "**Manager Relevant Party**") incurs any losses, claims, damages or liabilities (a "**Manager Loss**") arising out of or in relation to or in connection with breach by the Issuer of any of the provisions of 8.1 (*Representations, Warranties and Covenants of both parties*) and 8.3 (*Representations, Warranties and Covenants of the Issuer*), the Issuer shall (subject as provided in clause 9.3 below) pay to such Manager on demand, an amount equal to such Manager Loss.

9.3 If any action, claim or demand ("**Proceedings**") shall be brought or asserted against a Manager Relevant Party or an Issuer Relevant Party (a "**Relevant Party**") in respect of which indemnity may be sought from the Issuer or a Manager as herein provided (any such party, the "**Indemnifying Party**"), the Issuer or such Manager shall promptly notify the Indemnifying Party in writing, and the Indemnifying Party shall have the option to assume the defence thereof, including the employment of lawyers (who shall be lawyers to whom such Relevant Party has no reasonable objection) and the payment of all properly incurred reasonable expenses provided that no settlement of any such Proceedings shall be effected by the Indemnifying Party without the prior written consent of such Relevant Party. Any such Relevant Party shall have the right to employ separate lawyers in such Proceedings and participate in the defence thereof, but the fees and

expenses of such lawyers shall be at the expense of such Relevant Party unless the employment thereof has been specifically authorised by the Indemnifying Party or the Indemnifying Party has failed to assume such defence and employ lawyers for such purposes as mentioned above. It is understood that the Indemnifying Party shall not, in connection with any Proceedings or related proceeding in the same jurisdiction, be liable for the fees and expenses of more than one firm of lawyers for all the Relevant Parties unless, by reason of any conflict of interest, it is inappropriate for the same firm of lawyers to represent all the Relevant Parties. The Indemnifying Party shall not be liable to indemnify any persons for any settlement of any such Proceedings effected without the Indemnifying Party's prior written consent.

10. COMMUNICATIONS

10.1 All communications shall be by fax, email or letter delivered by hand. Each communication shall be made to the relevant party at the fax number, email address or address and marked for the attention of the person or department from time to time specified in writing by that party to the others for the purpose. The initial fax number, email address and person or department so specified by each party are set out below.

10.2 All communications in relation to the Notes shall be made to the relevant party currently as follows:

To the Issuer:	Morgan Stanley Finance LLC
Address:	38th Floor, ICC, 1 Austin Road West, Kowloon, Hong Kong
Attention:	Kathryn Ho
Telephone:	+852 2848-5667
Telefax:	+852 2848-5310
Email:	Kathryn.Ho@morganstanley.com
With a copy to:	ltdasia@morganstanley.com dsp_formosa@morganstanley.com
To KGI	KGI Securities Co. Ltd.
Address:	700 Mingshui Road, Taipei 104, Taiwan, R. O. C.
Attention:	Jacky Chan / Ester Chen
Telephone:	+886 2 2181-8836 / +886 2 2181-8856
Telefax:	+886 2 8501-1699
Email:	fi.dcm@kgi.com
With a copy to:	n.a.
To FCB:	First Commercial Bank
Address:	30,Chung King South Road,Sec. 1 Taipei 100 ,Taiwan,R.O.C.
Attention:	陳韋廷 WeiTing Chen
Telephone:	+886-2-2348-1676
Telefax:	+886-2-2371-6122
Email:	i11366@firstbank.com.tw
With a copy to:	

or to such other address, telephone number, facsimile number or email address as any party may notify to the others in accordance with the terms hereof from time to time.

10.3 A communication shall be deemed received (if by fax) when an acknowledgement of receipt is received or (if by email or letter) when delivered, in each case in the manner required by this clause 10 (*Communications*). However, if a communication is received

after business hours on any business day or on a day which is not a business day in the place of receipt it shall be deemed to be received and become effective at the opening of business on the next business day in the place of receipt. Every communication shall be irrevocable save in respect of any manifest error in it.

10.4 Any notice given under or in connection with this Agreement shall be in English. All other documents provided under or in connection with this Agreement shall be:

(a) in English; or

(b) if not in English, accompanied by a certified English translation and, in this case, the English translation shall prevail unless the document is a statutory or other official document.

11. SURVIVAL OF REPRESENTATIONS AND OBLIGATIONS

11.1 Clause 7 (*Expenses*) and clause 9 (*Indemnification*) shall survive and continue in force notwithstanding the termination of this agreement.

11.2 Termination or expiry of this agreement shall not affect any rights, remedies, obligations or liabilities of the parties that have accrued up to the date of termination or expiry, including the right to claim damages in respect of any breach of the agreement which existed at or before the date of termination or expiry.

12. ASSIGNMENT

Each Manager may assign or transfer its rights and obligations hereunder only upon the prior written consent of the Issuer.

13. RIGHTS OF THIRD PARTIES

No person shall have any right to enforce any term or condition of this Agreement under the Contracts (Rights of Third Parties) Act 1999, except to the extent that this Agreement expressly provides.

14. GOVERNING LAW AND JURISDICTION

14.1 This Agreement and all non-contractual obligations arising out of or connected with it shall be governed by the laws of England.

14.2 Each party hereto irrevocably agrees for the exclusive benefit of the other that the courts of England shall have jurisdiction to hear and determine any suit, action or proceedings, and to settle any disputes, which may arise out of or in connection with this Agreement (respectively, "**Proceedings**" and "**Disputes**") and, for such purposes, irrevocably submits to the jurisdiction of such courts. Each party irrevocably waives any objection if they might now or hereafter have to the courts of England being nominated as the forum to hear and determine any Proceedings and to settle any Disputes and agree not to claim that any such court is not a convenient or appropriate forum.

15. PROCESS AGENT

15.1 Within 30 days upon written demand from the Issuer, the relevant Manager shall appoint an agent upon which valid service of process may be made in connection with this Agreement, failing which the Issuer may appoint such agent on behalf of and at the cost of such Manager.

15.2 Each party shall notify the other party upon its appointment of an agent under this clause 15 (*Process Agent*).

16. **POWERS OF ATTORNEY**

If the Issuer is represented by an attorney or attorneys in connection with the signing and/or execution and/or delivery of this Agreement or any agreement or document referred to herein or made pursuant hereto and the relevant power or powers of attorney is or are expressed to be governed by the laws of the State of New York, it is hereby expressly acknowledged and accepted by the other parties hereto that such laws shall govern the existence and extent of such attorney's or attorneys' authority and the effects of the exercise thereof.

17. **EXECUTION IN COUNTERPARTS**

This Agreement may be executed in one or more counterparts (including by facsimile), and by the different parties hereto in separate counterparts, each of which when executed shall be deemed to be an original, but all of which taken together shall constitute one and the same agreement.

18. **SEVERABILITY**

If one or more provisions of this Agreement are held to be unenforceable to any extent under applicable law, such provision shall be interpreted as if it were written so as to be enforceable to the maximum possible extent so as to effectuate the parties' intent to the maximum possible extent, and the balance of the Agreement shall be interpreted as if such provision were so excluded and shall be enforceable in accordance with its terms to the maximum extent permitted by law.

If the foregoing is in accordance with your understanding of our agreement, please sign and return to us the enclosed duplicate hereof, whereupon this letter and your acceptance shall represent a binding agreement between the Issuer and you.

SCHEDULE

Selling Restrictions

General

Save in relation to R.O.C., no action has been taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of the Offering Circular or any of the documents incorporated by reference therein or any other offering material or any Pricing Supplement, in any country or jurisdiction where action for that purpose is required.

Offering and Transfer Restrictions

Each Manager hereby represents to the Issuer and agrees with respect to the Notes that:

(a) it acknowledges that the Notes have not been and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered, sold, pledged, assigned, delivered or otherwise transferred or exercised at any time within the United States or to, or for the account or benefit of, U.S. Persons;

(b) neither it nor its affiliates shall offer, sell or deliver the Notes in the United States or to, or for the account or benefit of, U.S. Persons;

(c) it represents and agrees that, it shall not offer, sell or deliver the Notes as part of its distribution at any time within the United States or to, or for the account or benefit of, U.S. Persons. Terms used in the preceding sentence have the meanings given to them by Regulation S;

(d) neither it nor any of the its affiliates (as defined in Rule 405 under the Securities Act), nor any person acting on its or their behalf has engaged or will engage in any "directed selling efforts" (within the meaning of Regulation S) with respect to the Notes and it and its affiliates have complied and will comply with the requirements of Rule 903 of Regulation S; and

(e) it agrees to notify the Issuer immediately if, to its knowledge, any person for whose account it or its affiliates holds any Notes is or becomes a U.S. Person.

People's Republic of China

The Notes have not been, and shall not be, offered or sold, directly or indirectly, in mainland China, except as permitted by the securities laws of the People's Republic of China.

Republic of China

The Notes have not been, and shall not be, offered or sold, directly or indirectly, to investors other than "professional institutional investors" ("**Professional Institutional Investors**") as defined under Paragraph 2, Article 4 of the Financial Consumer Protection Act of the Republic of China (the "**ROC**"), which currently include: overseas or domestic (i) banks, securities firms, futures firms and insurance companies (excluding insurance agencies, insurance brokers and insurance surveyors), the foregoing as further defined in more detail in Paragraph 3 of Article 2 of the Organization Act of the Financial Supervisory Commission of the ROC, (ii) fund management companies, government investment institutions, government funds, pension funds, mutual funds, unit trusts, and funds managed by financial service enterprises pursuant to the ROC Securities Investment Trust and Consulting Act, the ROC Future Trading Act or the ROC Trust Enterprise Act or investment assets mandated and delivered by or transferred for trust by financial consumers, and (iii) other institutions recognized by the Financial Supervisory Commission of the ROC. Purchasers of the Notes are not permitted to sell or otherwise dispose of the Notes except by transfer to a Professional Institutional Investor.

Very truly yours,

MORGAN STANLEY FINANCE LLC

By: ……
Name:
Title:

The foregoing Agreement is hereby confirmed and accepted as of the date first above written.

KGI SECURITIES CO. LTD.

By: ……
Name:
Title:

FIRST COMMERCIAL BANK

By: ……
Name:
Title:

APPENDIX

"Professional Institutional Investors" as defined under Paragraph 2, Article 4 of the Financial Consumer Protection Act include (as of the date of this Agreement): overseas or domestic (i) banks, securities firms, futures firms and insurance companies (excluding insurance agencies, insurance brokers and insurance notaries), the foregoing as further defined in more details in Paragraph 3 of Article 2 of the Financial Supervisory Commission Organization Act, (ii) fund management companies, government investment institutions, government funds, pension funds, mutual funds, unit trusts, and funds managed by financial service enterprises pursuant to the Securities Investment Trust and Consulting Act, the Future Trading Act or the Trust Enterprise Act or investment assets mandated and delivered by or transferred for trust by financial consumers and (iii) other institutions recognized by the Financial Supervisory Commission of the ROC.