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PREPARED FOR:

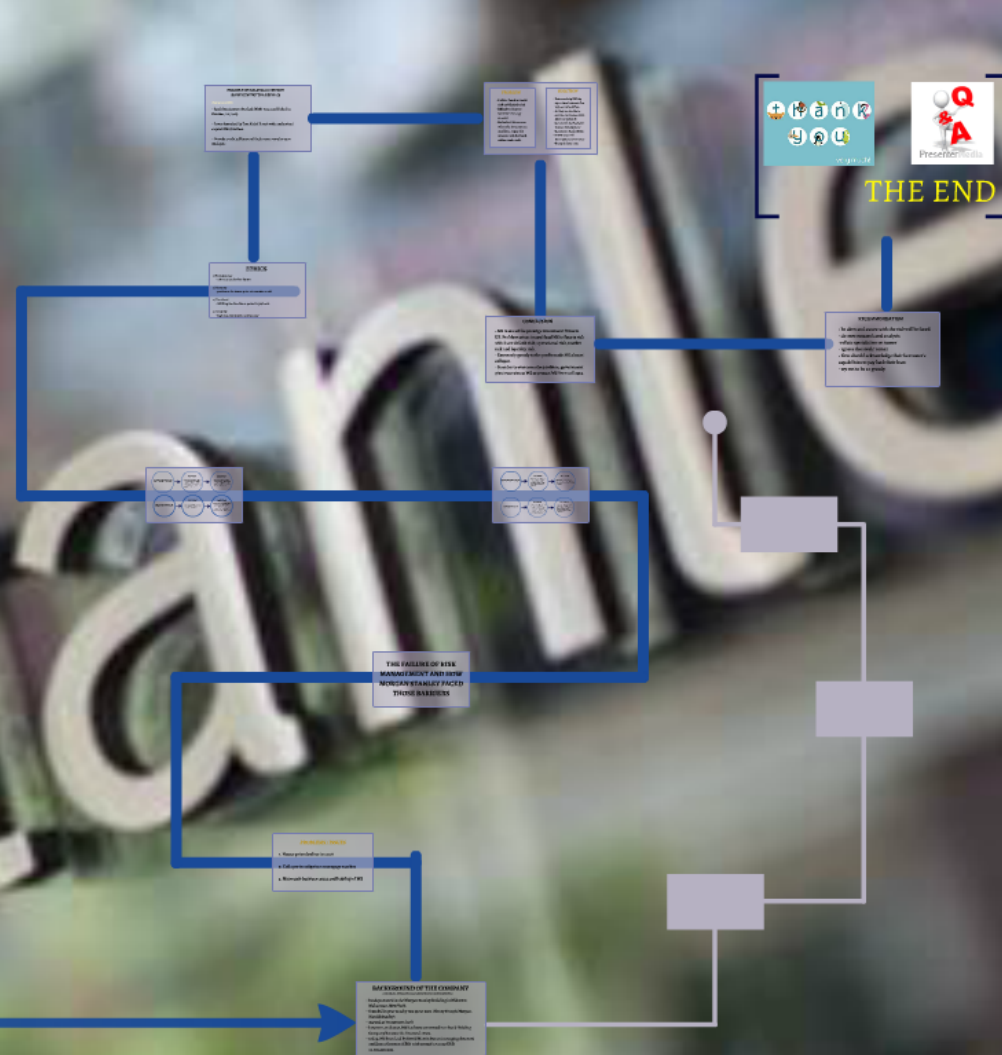
MADAM AFLAH BINTI ISA

welcome



UBS AND MORGAN STANLEY: AN ELABORATE INSIDER TRADING SCHEME

Harvard Case Solution &
Analysis



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BACKGROUND OF THE COMPANY

(GLOBAL FINANCIAL SERVICES COMPANIES)

- **headquartered in the Morgan Stanley Building in Midtown Mahanttan, New York.**
- **founded in year 1935 by two great men (Henry Sturgis Morgan, Harold Stanley)**
- **started as investment bank**
- **however, end 2008, MS has been converted into Bank Holding Company because the financial crisis.**
- **today, MS been lead by David Martin Darst (managing director) and James Gorman (CEO) with annual revenue USD 32,403,000,000.**


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PROBLEMS / ISSUES

- 1. House price decline in 2008**
- 2. Collapse in subprime mortgage market**
- 3. Mismatch between asset and liability of MS**



**THE FAILURE OF RISK
MANAGEMENT AND HOW
MORGAN STANLEY FACED
THOSE BARRIERS**

OPERATIONAL RISK

FAILURE

- MS was too confident giving their capital for subprime mortgage. fund Manager were failing to predict well. as a result, the fund are not accurately protect them against risk.

SOLUTION

- joint venture / convert from investment firm to bank holding company

MARKET RISK

FAILURE

- MS is one of the biggest investment firms involved in real estate investment. S&P convinced the management that price of the house will rise up and gain profit from it. unfortunately it decreased 20% and lead to bankruptcy.

SOLUTION

- US Treasury under Trouble Assets Relief Program (TARP) give \$10 billion to MS known as "emergency capital injection provided". However, MS succeed to repaid it back in June 2009.