

**Part 2A of Form ADV: Firm Brochure**

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Morgan Stanley Private Equity Asia, Inc.

As Adviser to Morgan Stanley Private Equity Asia III

Morgan Stanley Private Equity Asia

Morgan Stanley Global Emerging Markets, Inc.

Morgan Stanley Private Equity Asia IV

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March 28, 2014

This Brochure provides information about the qualifications and business practices of Morgan Stanley Private Equity Asia Inc. If you have any questions about the contents of this Brochure, please contact Morgan Stanley Merchant Banking & Real Estate Investing Investor Services at 212-761-7160 or email [mspeinvestor@morganstanley.com](mailto:mspeinvestor@morganstanley.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Morgan Stanley Private Equity Asia, Inc. is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training. The oral and written communications of an adviser provide you with information that you may find useful in deciding to hire or retain an adviser (or invest in a fund or product advised by the adviser).

Additional information about Morgan Stanley Private Equity Asia Inc. also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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## **Item 2 – Material Changes**

We provide this brochure to our clients as well as limited partners of the pooled investment vehicles that we advise (“Limited Partners”).

There have been no material updates since the last annual update of this Brochure, which was dated March 31, 2013.

We will provide clients and Limited Partners with a new Brochure as necessary based on material changes or new information, at any time, without charge upon request.

Our Brochure may be requested by contacting Morgan Stanley Merchant Banking & Real Estate Investing Investor Services at 212-761-7160 or email [mspeinvestor@morganstanley.com](mailto:mspeinvestor@morganstanley.com).

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#### Item 4 – Advisory Business

Morgan Stanley Private Equity Asia , Inc. (the “Adviser”) was formed in 2005 and registered with the SEC under the Investment Advisers Act of 1940, as amended (the “Advisers Act”) in 2005.

The Adviser is a wholly-owned indirect subsidiary of Morgan Stanley.

As of December 31, 2013, the Adviser had approximately \$3,841,539,000 of regulatory assets under management, all of which are managed on a discretionary basis.

The Adviser’s primary business is the management of pooled investment vehicles that pursue the investment strategy described below.

As of March 15, 2013, Morgan Stanley Global Emerging Market, Inc. and Morgan Stanley Private Equity III, Inc. separately contractually transferred its advisory-related rights and obligations in respect of the MSGEM Funds and the PE Asia III Funds (as defined below) to the Adviser. The Adviser is under the same management as each of the aforementioned transferring advisers and the transfer has not resulted in any changes to the management of the MSGEM Funds, including its investment objectives, the level of services that MSGEM Funds or PE Asia III Funds receives from the Adviser or the fees paid to the Adviser.

- The Adviser provides advisory services to the Morgan Stanley Global Emerging Markets Private Investment Fund, L.P. (“MSGEM PIF”) and Morgan Stanley Global Emerging Markets Private Investors, L.P. (the “Employee Fund” and, together with MSGEM PIF, the “MSGEM Partnerships” or the “MSGEM Funds”), each a Delaware limited partnership that makes primarily long-term private equity investments. Morgan Stanley Global Emerging Market, Inc. is the managing member of MSGEM, LLC (the “MSGEM General Partner”), the general partner of the MSGEM Partnerships.

The MSGEM Partnerships have invested principally in minority, but influential, private investments in equity and equity-related securities of emerging market companies. The MSGEM Partnerships have also been permitted to invest in publicly traded equity securities as well as public or private debt securities, or controlling investments in emerging markets companies. The Adviser’s advisory services have consisted of identifying investment opportunities and making investments, as well as managing and disposing of investments already made by the MSGEM Partnerships. The investments typically had an investment time horizon of five years. The Adviser has been permitted from time to time make investments in portfolio companies indirectly by investing through partnerships (or other investment vehicles). The MSGEM Partnerships’ investment period has terminated.

- Morgan Stanley Private Equity Asia, L.L.C. (the “PE Asia General Partner”), an affiliate of the Adviser, is the general partner of Morgan Stanley Private Equity Asia, L.P., a Cayman Islands exempted limited partnership (together with other related parallel, co-investment and feeder vehicles, “Morgan Stanley Private Equity Asia,” or the “PE Asia Funds”).

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The PE Asia Funds primarily make long-term private equity and equity-related investments in entities with significant operations in Asia. The Adviser's advisory services consist of identifying investment opportunities and making investments, as well as managing and disposing of investments made by the PE Asia Funds. The PE Asia Funds' investment period has terminated.

- Morgan Stanley Private Equity Asia III, L.L.C. (the "PE Asia III General Partner"), an affiliate of the Adviser, is the general partner of Morgan Stanley Private Equity Asia III, L.P., a Cayman Islands exempted limited partnership (together with other related parallel, co-investment and feeder vehicles, "Morgan Stanley Private Equity Asia III" or the "PE Asia III Funds"). The PE Asia III Funds' investment period has terminated.

The PE Asia III Funds primarily make long-term private equity and equity-related investments in entities (or their parents) with significant operations in Asia, including such entities with operations in the People's Republic of China, South Korea, Hong Kong SAR, Taiwan, Japan, Singapore, India, Australia, Thailand, Malaysia, the Philippines and New Zealand. The Adviser's advisory services consist of identifying investment opportunities and making investments, as well as managing and disposing of investments made by the PE Asia III Funds.

- Morgan Stanley Private Equity Asia IV, L.L.C. (the "PE Asia IV General Partner", and together with the PE Asia General Partner, PE Asia III General Partner and the MSGEM General Partner, the "General Partners"), an affiliate of the Adviser, is the general partner of Morgan Stanley Private Equity Asia IV, L.P., a Cayman Islands exempted limited partnership (together with other related parallel, co-investment and feeder vehicles, "Morgan Stanley Private Equity Asia IV" or the "PE Asia IV Funds", and together with the PE Asia Funds, PE Asia III Funds and the MSGEM Funds, the "Funds").

The PE Asia IV Funds primarily make long-term private equity and equity-related investments in entities (or their parents) with significant operations in Asia, including such entities with operations in the People's Republic of China, South Korea, Hong Kong, Taiwan, Japan, Singapore, India, Australia, Thailand, Indonesia, Malaysia, the Philippines, Vietnam and New Zealand. The Adviser's advisory services consist of identifying investment opportunities and making investments, as well as managing and disposing of investments made by the PE Asia III Funds.

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## Item 5 – Fees and Compensation

Certain fees and other compensation described herein are subject to negotiation with investors.

- **The MSGEM Funds**

### **Management Fees & Carried Interest**

The MSGEM Funds paid an annual management fee ranging from 1.875% to 2.0% of invested capital. The Management Fee was funded by the Limited Partners of the MSGEM Funds (the “MSGEM Limited Partners”) and was payable quarterly in advance. The MSGEM Funds ceased paying management fees as of April 1, 2008.

In addition, the MSGEM General Partner is generally entitled to carried interest of 20% of the gains from the Partnerships’ investments, subject to first an allocation to the MSGEM Limited Partners to the extent of net cumulative losses and satisfaction of a 10% annual compounded return on such investments.

Advisory fees may be deducted from clients’ assets as set forth in the limited partnership agreement of the MSGEM Funds (the “MSGEM Partnership Agreements”). Carried interest distributions are calculated and made to the General Partner out of the proceeds of the relevant investment at the time of realization.

Because the MSGEM General Partner invests in long-term private equity securities, granting a limited partner the right to short-term redemptions could adversely affect the objectives of the MSGEM Partnerships and the interests of all investors. Accordingly, under the MSGEM Partnership Agreements, no MSGEM Limited Partner has the right to (i) receive any refund of any advisory fee or (ii) terminate its obligations under the relevant MSGEM Partnership Agreement, or otherwise withdraw from the relevant Partnership, prior to the relevant MSGEM Partnership’s termination. The above-described fees are non-negotiable.

### **Other Fees and Expenses**

In addition to the management fee and the carried interest, pursuant to the MSGEM Partnership Agreements, the MSGEM Funds generally bear their own expenses, including organization and syndication expenses; legal, accounting, audit, custodial and other professional fees; banking, brokerage, broken-deal, registration, finders, depositary and similar fees or commissions; transfer, capital and other taxes, duties and costs incurred in acquiring, holding, selling or disposing of assets; insurance premiums, indemnifications, and costs of litigation; cost of reports to partners and annual or special meetings; and interest expenses.

Item 12 further describes the factors that the Adviser considers in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (e.g., commissions).

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- **The PE Asia Funds**

### **Management Fees**

The Adviser generally receives an annual management fee from the PE Asia Funds equal to 2% of invested capital as the investment period has terminated. Limited partners with committed capital amounts equal to or in excess of \$50 million receive a 0.5% reduction of the management fee rate. The management fee is funded by the limited partners of the PE Asia Funds and is payable quarterly in advance. Upon termination of the management agreement between the Adviser and the applicable PE Asia Fund, the Adviser is generally required to repay to such Fund or to a replacement manager, as directed by the PE Asia General Partner of the applicable Fund, the unearned portion (computed on the basis of the number of days elapsed), if any, of the management fees previously paid to the Adviser.

The Adviser and its professionals may charge portfolio companies transaction fees, sponsor fees, monitoring fees, advisory fees, directors' fees, commitment fees, closing fees, amendment fees, break up fees and other similar fees. An amount equal to each limited partner's share of 50% of all such fees other than directors' fees and 100% of directors' fees paid by portfolio companies that are received by the Adviser the PE Asia General Partner or any of the investment professionals dedicated to the PE Asia Funds (as described in the private placement memorandum of the PE Asia Fund), net of any unreimbursed related expenses incurred by the Adviser or its affiliates or representatives in connection with unconsummated transactions, will generally be applied to reduce the management fee otherwise payable by such limited partner. All such fees will first be allocated among the applicable Fund and any other investors.

Fees may be deducted from the PE Asia Funds' assets as and to the extent set forth in the limited partnership agreements of the PE Asia Funds (the "PE Asia Partnership Agreements").

### **Carried Interest**

The PE Asia General Partner is generally entitled to receive carried interest with respect to each limited partner equal to 20% (10% in the case of certain limited partners who are employees of Morgan Stanley or its affiliates) of such limited partner's profits from each PE Asia Fund investment, subject to satisfaction of an 8% internal rate of return, compounded annually, for such investment, previously realized investments and related management fees and expenses.

### **Expenses**

The PE Asia Funds may also bear certain out-of-pocket expenses incurred by the Adviser and/or its affiliates in connection with the services provided to such PE Asia Funds. The payment of such expenses by the Funds does not represent a source of profit for the Adviser, but rather is a reimbursement of actual costs initially paid by the Adviser (or its affiliates) and subsequently passed through to the PE Asia Funds. The most common expenses include (i) expenses incurred in connection with identifying, evaluating, structuring and negotiating any potential investment by the PE Asia Funds and the acquisition, management, holding, sale, proposed sale or valuation of any investments by the PE Asia Funds; and (ii) ordinary administrative expenses, including fees of

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auditors, attorneys, appraisers and other professionals auditing, accounting, banking and consulting expenses (including expenses paid to the Adviser or to any of its affiliates for services rendered on an arms-length basis in connection with the PE Asia Funds' affairs). Item 12 further describes the factors that Adviser considers in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (e.g., commissions).

### **Placement Agent Fees**

With respect to the PE Asia Funds, broker-dealers who are our affiliates have and will as the case may be, act as placement agents to assist in the placement of the Fund's interests. Any placement fee not payable by us will be in addition to an investor's capital commitment. The amount of any placement fee will be described in the placement agent's point of sale letter. However, the placement agents or distributors may in their sole discretion waive the placement fees payable by an investor, including an investor that is an employee or affiliate of the general partner and/or the Adviser.

The private placement memoranda for the PE Asia Funds include further details on fees and compensation and related matters.

- **The PE Asia III Funds**

### **Management Fees**

The PE Asia III Funds pay an annual management fee generally equal to 2% of invested capital as the management period has terminated. PE Asia III limited partners with committed capital amounts equal to or in excess of \$50 million receive a 0.5% reduction of the management fee rate. The management fee is funded by the limited partners of the PE Asia III Funds and is payable quarterly in advance. Upon termination of the management agreement between the Adviser and the applicable PE Asia III Fund, the Adviser is generally required to repay to such PE Asia III Fund or to a replacement manager, as directed by the general partner of the applicable PE Asia III Fund, the unearned portion (computed on the basis of the number of days elapsed), if any, of the management fees previously paid to the Adviser.

The Adviser and its professionals may charge portfolio companies transaction fees, sponsor fees, monitoring fees, advisory fees, directors' fees, commitment fees, closing fees, amendment fees, break up fees and other similar fees. An amount equal to each limited partner's share of 50% of all such fees other than directors' fees and 100% of directors' fees paid by portfolio companies that are received by the Adviser, the PE Asia III General Partner or any of the investment professionals dedicated to the PE Asia III Funds (as described in the private placement memorandum of the PE Asia III Fund), net of any unreimbursed related expenses incurred by the Adviser or its affiliates or representatives in connection with unconsummated transactions, will generally be applied to reduce the management fee otherwise payable by such limited partner. All such fees will first be allocated among the applicable Fund and any other investors.

Fees may be deducted from the PE Asia III Funds' assets as and to the extent set forth in the limited partnership agreements of the PE Asia III Funds (the "PE Asia III Partnership Agreements").



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## **Carried Interest**

The PE Asia III General Partner is generally entitled to receive carried interest with respect to each Limited Partner equal to 20% (10% in the case of certain limited partners who are employees of Morgan Stanley or its affiliates) of such limited partner's profits from each PE Asia III Fund investment, subject to satisfaction of an 8% internal rate of return, compounded annually, for such investment, previously realized investments and related management fees and expenses.

## **Expenses**

The PE Asia III Funds may also bear certain out-of-pocket expenses incurred by the Adviser and/or its affiliates in connection with the services provided to such Funds. The payment of such expenses by the PE Asia III Funds does not represent a source of profit for the Adviser, but rather is a reimbursement of actual costs initially paid by the Adviser (or its affiliates) and subsequently passed through to the PE Asia III Funds. The most common expenses include (i) expenses incurred in connection with identifying, evaluating, structuring and negotiating any potential investment by the PE Asia III Funds and the acquisition, management, holding, sale, proposed sale or valuation of any investments by the PE Asia III Funds; and (ii) ordinary administrative expenses, including fees of auditors, attorneys, appraisers and other professionals auditing, accounting, banking and consulting expenses (including expenses paid to the Adviser or to any of its affiliates for services rendered on an arms-length basis in connection with the PE Asia III Funds' affairs). Item 12 further describes the factors that the Adviser considers in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (e.g., commissions).

## **Placement Agent Fees**

With respect to the PE Asia III Funds, broker-dealers who are our affiliates will act as placement agents to assist in the placement of a PE Asia III Fund's interests. Any placement fee not payable by us will be in addition to an investor's capital commitment. The amount of any placement fee will be described in the placement agent's point of sale letter. However, the placement agents or distributors may in their sole discretion waive the placement fees payable by an investor, including an investor that is an employee or affiliate of the general partner and/or the Adviser.

The private placement memoranda for the PE Asia III Funds include further details on fees and compensation and related matters.

- **The PE Asia IV Funds**

## **Management Fees**

The PE Asia IV Funds pay an annual management fee generally equal to 2% of capital committed during the investment period and invested capital thereafter. The management fee is funded by the limited partners of the PE Asia IV Funds and is payable quarterly in advance.

The Adviser and its professionals may charge portfolio companies transaction fees, sponsor fees, monitoring fees, advisory fees, directors' fees, commitment fees, closing fees, amendment fees,

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break up fees and other similar fees. An amount equal to each limited partner's share of 100% of all such fees paid by portfolio companies that are received by the Adviser, the PE Asia IV General Partner or any of the investment professionals dedicated to the PE Asia IV Funds (as described in the private placement memorandum of the PE Asia IV Fund) in connection with the consummation, holding or disposition of investments or the termination of an unconsummated investment, except that break up fees are received net of any unreimbursed related expenses incurred by the Adviser or its affiliates or representatives in connection with unconsummated transactions, will generally be applied to reduce the management fee otherwise payable by such limited partner. Any such fee offset does not reduce management fees below \$0 and any unused fee offset can be rolled over against subsequent management fee obligations. All such fees will first be allocated among the applicable Fund and any other investors.

Fees may be deducted from the PE Asia IV Funds' assets as and to the extent set forth in the limited partnership agreements of the PE Asia IV Funds (the "PE Asia III Partnership Agreements").

### **Carried Interest**

The PE Asia IV General Partner is generally entitled to receive carried interest with respect to each Limited Partner equal to 20% (10% in the case of certain limited partners who are employees of Morgan Stanley or its affiliates) of such limited partner's profits from each PE Asia IV Fund investment, subject to satisfaction of an 8% internal rate of return, compounded annually, for such investment, previously realized investments and related management fees and expenses.

### **Expenses**

The PE Asia IV Funds may also bear certain out-of-pocket expenses incurred by the Adviser and/or its affiliates in connection with the services provided to such Funds. The payment of such expenses by the PE Asia IV Funds does not represent a source of profit for the Adviser, but rather is a reimbursement of actual costs initially paid by the Adviser (or its affiliates) and subsequently passed through to the PE Asia IV Funds. The most common expenses include (i) expenses incurred in connection with identifying, evaluating, structuring and negotiating any potential investment by the PE Asia IV Funds and the acquisition, management, holding, sale, proposed sale or valuation of any investments by the PE Asia IV Funds; and (ii) ordinary administrative expenses, including fees of auditors, attorneys, appraisers and other professionals auditing, accounting, banking and consulting expenses (including expenses paid to the Adviser or to any of its affiliates for services rendered on an arms-length basis in connection with the PE Asia IV Funds' affairs). Item 12 further describes the factors that the Adviser considers in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (e.g., commissions).

### **Placement Agent Fees**

With respect to the PE Asia IV Funds, broker-dealers who are our affiliates will act as placement agents to assist in the placement of a PE Asia IV Fund's interests. Any placement fee not payable by us will be in addition to an investor's capital commitment. The amount of any placement fee will be described in the placement agent's point of sale letter. However, the placement agents or

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distributors may in their sole discretion waive the placement fees payable by an investor, including an investor that is an employee or affiliate of the general partner and/or the Adviser.

The private placement memoranda for the PE Asia IV Funds include further details on fees and compensation and related matters.

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## **Item 6 – Performance-Based Fees and Side-By-Side Management**

In some cases, the Adviser has entered into performance fee arrangements with qualified clients; such fees are subject to individualized negotiation with each such client. The Adviser will structure any performance or incentive fee arrangement subject to Section 205(a)(1) of the Advisers Act in accordance with the available exemptions thereunder, including the exemption set forth in Rule 205-3. Performance-based fee arrangements may create an incentive for the Adviser to recommend investments that may be riskier or more speculative than those which would be recommended under a different fee arrangement. Such fee arrangements also create an incentive to favor higher fee paying accounts over other accounts in the allocation of investment opportunities. The Adviser has designed and implemented procedures to ensure that all clients are treated fairly and equitably. In addition, certain investment vehicles pay different levels of performance fees, which may create differing incentives for the Adviser when allocating investment opportunities. Specific parameters for allocations are included in the governing documents of the Funds to address the conflicts inherent in these differing incentives.

Please see Item 5 for further information regarding performance-based fees charged by the Adviser.

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## **Item 7 – Types of Clients**

The Adviser provides portfolio management services to pooled investment vehicles. These pooled investment vehicles are not subject to regulation under the Investment Company Act of 1940, as amended (the “Investment Company Act”). Generally, the Funds’ investors were required to invest a minimum of \$10 million (less in the case of limited partners who are employees of Morgan Stanley and its affiliates). Morgan Stanley reserves the right to waive any minimum investment requirement in its discretion. In addition, Limited Partner interests in a Fund (“Interests”) may be purchased only by certain eligible investors who are “accredited investors” as defined in Regulation D of the Securities Act of 1933, as amended, and “qualified purchasers” for purposes of Section 3(c)(7) of the Investment Company Act.

In the case of the employee funds, interests have been offered and sold to investors who are “accredited investors” as defined in Regulation D of the Securities Act and in accordance with the requirements of an exemptive order under the Investment Company Act received by Morgan Stanley from the SEC in April 2000.

In addition to providing advisory services to the Funds, the Adviser or a related person may act as the managing member or the general partner of certain co-investment partnerships.

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## Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss

### **Investment Strategies**

- **The MSGEM Funds**

The MSGEM Partnerships have invested principally in minority, but influential, private investments in equity and equity-related securities of emerging market companies and companies based in Asia. The MSGEM Partnerships have also been permitted to invest in publicly traded equity securities as well as public or private debt securities, or controlling investments in emerging markets companies. The Adviser's advisory services have consisted of identifying investment opportunities and making investments, as well as managing and disposing of investments already made by the MSGEM Partnerships. The Adviser has been permitted from time to time make investments in portfolio companies indirectly by investing through partnerships (or other investment vehicles). The Adviser has generally pursued value-based investments in emerging market private investments by seeking to buy for the MSGEM Partnerships attractive assets at compelling prices or to finance activities that create significant value. The Adviser has generally sought to enhance the value of portfolio companies through improved operations, strategic restructuring and successful exit strategies. The Adviser's main sources of information and investment opportunities have been contacts with employees of Morgan Stanley and Morgan Stanley's network of clients, executives, partners and other industry participants. In addition, related persons of the Adviser serve on the board of directors of companies in which client assets are invested.

The investment period of the MSGEM Funds has terminated. The Adviser's advisory services are limited to managing and disposing of the existing fund investments.

From time to time the Adviser may cause the MSGEM Partnerships to invest cash in temporary investments or to employ hedging techniques to reduce the risk of adverse interest rate, currency, credit or security movements on investments.

- **The PE Asia, PE Asia III and PE Asia IV Funds:**

The PE Asia, PE Asia III and PE Asia IV Funds' objective is to make investments ("Portfolio Investments") consisting primarily of equity and equity-related securities of operating companies or their parents that are acquired in privately negotiated transactions ("Private Equity Securities"). Portfolio Investments may also consist of other investments in private equity securities, publicly traded equity and equity-related securities, as well as public or private debt securities, and investments, assets and instruments related to the foregoing. The PE Asia, PE Asia III and PE Asia IV Funds may commit funds to other entities with investment objectives consistent with those of the PE Asia, PE Asia III and PE Asia IV Funds that may earn performance based fees where Morgan Stanley believes such investment may facilitate the creation of strategic relationships or otherwise enhance the PE Asia, PE Asia III and PE Asia IV Funds' performance or investment opportunities ("Strategic Funds"). These fees will not reduce the fees payable to the Adviser. From time to time the Adviser may cause the PE Asia, PE Asia

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III and PE Asia IV Funds to invest cash held by such Funds in temporary investments or to employ hedging techniques to reduce the risk of adverse interest rate, currency, credit or security movements on investments.

The PE Asia and PE Asia III Fund's objective is to invest in entities (or their parents) with significant operations in Asia, and those funds invest principally in such entities with operations in the People's Republic of China, South Korea, Singapore, Hong Kong, Taiwan, Japan, Malaysia, Thailand, Indonesia, the Philippines, Australia, New Zealand and India. The PE Asia IV Fund looks to invest in Vietnam as well as the markets mentioned above.

The investment period of the PE Asia and PE Asia III Funds has terminated. The Adviser's advisory services with respect to those funds are limited to managing and disposing of the existing fund investments.

### **Methods of Analysis – Investment Process**

The global investment committee (the "Investment Committee"), led by the Investment Team and including other senior officers of Morgan Stanley, is involved throughout the entire investment process, including initial review and evaluation of potential investments, consideration of applicable industry dynamics and approval of the Funds' investments. The Investment Committee brings to bear the combined global investment experience and perspectives of some of Morgan Stanley's most senior and experienced professionals to determine whether the Funds' investments meet the most stringent criteria consistent with global best practices.

Each investment opportunity identified by the Investment Team is first reviewed based on preliminary discussions with management to determine the key parameters of the opportunity and the competitive strengths of the company. In addition, the Investment Team undertakes an initial review of industry research and industry experts' views to gain an understanding of the overall industry dynamics and the company's competitive positioning. Following this review, the Investment Team determines whether it is likely to meet the Investment Committee's strict investment criteria and subsequently decides whether it merits further development, research and the devotion of additional resources.

If an investment opportunity passes preliminary screening, the Investment Team then performs due diligence, generally with management, to achieve a comprehensive understanding of the company's competitive positioning and the opportunities and risks associated with the proposed investment. The Investment Team's analytic process includes constructing business and financial scenarios that test operating and capital structure assumptions and estimate potential returns from the investment. The Investment Team draws on other experts from both within and outside Morgan Stanley, including experienced industry executives, research analysts and investment banking professionals who cover the relevant countries, industries and companies.

If an investment opportunity meets the Investment Committee's investment criteria and standards, the Investment Team then assembles a dedicated transaction team that consists of legal counsel, financial and tax accountants, and if necessary, other advisors such as industry experts to assist with formal due diligence, structuring and negotiations. The Investment Team and advisors undertake a thorough due

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diligence review to ensure the transaction structure and terms take into account all relevant data points specific to the opportunity, including key leverage points that can be utilized to negotiate the most favorable terms.

### **Risk of Loss - Certain Risks Related to Investment Strategy**

Investing in securities involves risk of loss that clients should be prepared to bear. The Adviser cannot provide assurance that they will be able to generate any level of returns for investors. Our investment strategy entails a high degree of risk and is suitable only for sophisticated investors who fully understand and are capable of bearing the risks of an investment in the Funds.

The following list of risk factors does not purport to be a complete list or explanation of the risks involved in an investment in the Funds. The risks summarized below are described in greater detail in the private placement memoranda for the Fund. In addition, there are other risks (in addition to risks related to our investment strategy) associated with investing in the Funds, which are described in the private placement memorandum. You may also request an updated explanation of risk factors by contacting Morgan Stanley Merchant Banking & Real Estate Investing Investor Services as described above.

- uncertainty regarding the economies of certain countries and jurisdictions in Asia;
- direct and indirect consequences of potential political, economic, social and diplomatic changes in Asia;
- limitations or restrictions on direct foreign investment in the securities of resident companies;
- inability to obtain government approval of repatriation transactions;
- use of hedging techniques;
- underdeveloped accounting, auditing and financial reporting standards;
- participation in emerging securities markets;
- economic and market influence on individual securities markets of Asia;
- illiquidity of investments;
- potential loss of invested capital;
- highly competitive markets;
- reliance on expertise of Morgan Stanley investment professionals;
- unfavorable performance of a single portfolio investment;
- inability to execute exit strategy;



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- contingent liabilities in connection with the disposition of investments;
  - little or no current return on investments prior to their disposition;
  - possession of material, non-public information concerning an investment or potential investment;
  - significant degree of financial and/or business risk;
  - potential inability to protect the value of minority equity investments;
  - reliance on portfolio company management;
  - potential liabilities related to portfolio company restructurings; and
  - changes in general economic conditions and global economic and political events.

The General Partner and the Adviser also may face conflicts of interest in connection with managing the Funds. See Item 10 – Other Financial and Industry Activities.

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**Item 9 – Disciplinary Information**

The Adviser has no information applicable to this Item.

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## **Item 10 – Other Financial Industry Activities and Affiliations**

### **Introduction**

As a diversified global financial services firm, Morgan Stanley engages in a broad spectrum of activities including financial advisory services, investment management activities, lending, commercial banking, sponsoring and managing private investment funds, engaging in broker-dealer transactions and principal securities, commodities and foreign exchange transactions, research publication and other activities. Investors should be aware that potential and actual conflicts of interest between Morgan Stanley or any Affiliated Investment Account (as defined below), on the one hand, and the Funds, on the other hand, may exist and others may arise in connection with the operation of the Funds. Morgan Stanley's employees may also have interests separate from those of Morgan Stanley and the Funds. The discussion below enumerates certain actual, apparent and potential conflicts of interest. The Adviser can give no assurance that conflicts of interest will be resolved in favor of the Funds' investors, and, in fact, they may not be.

The following discussion enumerates certain potential conflicts of interest, which should be carefully evaluated before making an investment in the Funds.

### **Broker-Dealer Registration**

Morgan Stanley & Co. LLC is a registered broker-dealer. Certain of the Adviser's management persons are registered representatives of Morgan Stanley & Co. LLC, where it is necessary or appropriate to perform their responsibilities.

### **Commodity Pool Operator, Commodity Trading Adviser, Futures Commission Merchant Registration**

The Adviser, the Funds, their respective portfolio companies and their respective affiliates may use the commodity pool operator, commodity trading advisor and futures commission merchant registrations or exemptions of one or more of the following related persons: Morgan Stanley Infrastructure GP LP, Morgan Stanley Infrastructure Inc., MSCP V GP Inc., MS Capital Partners V GP L.P., Morgan Stanley Private Equity Asia, L.L.C., Morgan Stanley, Private Equity Asia III, L.L.C., Morgan Stanley Private Equity Asia IV, L.L.C., MSREF III, L.L.C., MSREF IV International-GP, L.L.C., MSREF V, L.L.C., MSREF V U.S.-GP, L.L.C., MSREF V, International-GP, L.L.C., MSREF Real Estate Advisor, Inc., MSREF VI International-GP, L.L.C., MSREF VII Hedging GP, Ltd, MSREF VII Global-GP, L.P., Morgan Stanley Real Estate Special Situations III-GP LLC, SSF III Hedging GP, Ltd, MS Capital Partners Adviser, Inc., Morgan Stanley Private Equity Asia Inc., MSREF III, Inc., MSREF IV, L.L.C., Morgan Stanley AIP GP LP, Morgan Stanley Alternative Investment Partners LP, Morgan Stanley Investment Management Inc.

### **Other Material Relationships with Affiliated Entities**

- Broker-Dealer, Municipal Securities Dealer, Government Securities Dealer or Broker

To the extent permitted by applicable law, the Adviser, Funds or its portfolio companies may

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use the securities, futures execution, underwriting or other services offered by Morgan Stanley & Co. LLC or other affiliates. Please see Item 12 for more information about the Adviser's practices concerning using a Morgan Stanley affiliate as a broker.

- Participating Affiliates

Investment advice is provided to the Funds and their respective general partners not only through the Adviser but also through certain of the employees of one or more of the following related persons:

- Morgan Stanley Private Equity Management Korea Ltd.
- Morgan Stanley India Services Private Ltd.
- Morgan Stanley Capital KK
- Morgan Stanley Asia Limited
- Morgan Stanley Investment Management Consulting (Shanghai) Limited

These related persons may or may not be registered with the SEC as investment advisers but are foreign affiliated advisers that may provide advice or research for the Adviser for use with the Funds (in such capacity, the "Participating Affiliates"). The Participating Affiliates also may provide non-advisory services to the Adviser and the Funds. The Adviser may delegate all or a portion of its advisory or other functions to any of its Participating Affiliates.

The Participating Affiliates will remain subject to the supervision of the Adviser in respect of their provision of services to the Adviser and the Funds.

- Other Advisory Affiliates

The Adviser is part of a group of investment advisers within the Morgan Stanley Investment Management business, including Morgan Stanley Investment Management Inc., Morgan Stanley Investment Management Limited, Morgan Stanley AIP GP LP, Morgan Stanley Asset Management Private Limited, Morgan Stanley Real Estate Advisor, Inc., MSDW Real Estate Special Situations II Manager LLC, MS Capital Partners Adviser Inc., Morgan Stanley Infrastructure Partners Inc., MSREF III, Inc., MSREF IV, L.L.C., MSREF V, L.L.C., MSREF Real Estate Advisor, Inc., and MSRESS III Manager, L.L.C.

The Adviser, in its discretion, may delegate all or a portion of its advisory or other functions to any affiliate that is registered with the SEC as an investment adviser and may receive a variety of services from such affiliates, including gathering information about potential investment opportunities, financial advice and assistance in connection with the making, monitoring and disposing of investments and securities underwriting and brokerage services in connection with the sale of investments. The Adviser shares certain officers and directors with related investment advisers that also manage affiliated private equity funds.

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To the extent that the Adviser delegates its advisory or other functions to such investment advisers, a copy of the brochure of each such affiliate is available on the SEC's website and will be provided to investors in the Funds upon request.

- Affiliates Acting as Fundraising Broker-Dealers

Broker-dealers that are affiliates of Morgan Stanley may act as placement agents (the "Placement Agents") to assist in the placement of interests to certain Limited Partners (such as Limited Partners, the "Solicited Partners"). The potential for the Placement Agents to receive compensation in connection with a Solicited Partner's investment in the Funds presents a potential conflict of interest in recommending that such Solicited Partner purchase interests.

The prospect of receiving, or the receipt of, additional compensation by the Placement Agents may provide such Placement Agents and their salespersons with an incentive to favor sales of interests in funds whose affiliates make similar compensation available over sales of interests in funds (or other fund investments) with respect to which the Placement Agent does not receive additional compensation, or receives lower levels of additional compensation. Prospective investors should take such payment arrangements into account when considering and evaluating any recommendations related to the interests. Morgan Stanley employees involved in the marketing and placement of the interests are not acting as tax, financial, legal or accounting advisors to potential investors in connection with the offering of the interests. Potential investors must independently evaluate the offering and make their own investment decisions.

The Adviser and the Funds may use registered representatives and/or employees of its affiliates to conduct solicitation activities in relation to new or oncoming limited partners to the Funds or act as placement agents

- Affiliates Acting as Investment Bankers

In the ordinary course of its business, Morgan Stanley performs full-service investment banking and financial services and therefore engages in activities where Morgan Stanley's interests or the interests of its clients may conflict with the interests of the investors, notwithstanding Morgan Stanley's direct or indirect participation in the investments of the Funds.

From time to time, Morgan Stanley's investment banking professionals may introduce to one or more of the Funds a client that requires equity to complete an acquisition transaction. If the relevant Fund pursues the resulting investment, Morgan Stanley could have a conflict in its representation of the client over the price and terms of the Funds' investment.

Morgan Stanley has long-term relationships with a significant number of institutions and corporations and their advisors. In determining whether to pursue a particular transaction on behalf of the Funds, these relationships will be considered by Morgan Stanley and there may be certain potential transactions that will or will not be pursued on behalf of the Funds in view of such relationships

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In addition, Morgan Stanley could provide investment banking services to competitors of companies in which the Funds invest, in which case it will take appropriate steps to safeguard the confidential information of each investment banking client. Morgan Stanley is under no obligation to share and may not share any such information with the Funds or the Adviser. Such activities may present Morgan Stanley with a conflict of interest vis-à-vis the Funds' portfolio entities and may also result in a conflict with respect to the allocation of investment banking resources to portfolio entities.

- Other Limited Partnership Investment Vehicles or Funds

- General; Carried Interests

The Adviser is the manager of the Funds and serves as the managing member of the Funds. The Adviser and/or certain related persons have and may continue to organize other partnerships and serve as the manager, general partner, or the managing member or general partner of the general partner, to these partnerships. In organizing these partnerships, the Adviser or a related person may be deemed to have been or to be soliciting investors.

A Fund general partner's carried interest may create an incentive for such general partner to make more speculative investments for such Fund than it would otherwise make in the absence of such performance-based distributions. Furthermore, investments made with third parties in joint ventures or other entities may involve carried interests and/or other fees payable to such third party partners or co-investors, which could also create an incentive for such parties to take risks with respect to such investments. In addition, the method of calculating the carried interest may result in conflicts of interest between a Fund's general partner, on the one hand, and the investors, on the other hand, with respect to the management and disposition of investments. For example, each Fund's general partner will value any securities being distributed in-kind to investors in order to calculate the carried interest. If the valuations conducted by a Fund's general partner are incorrect, the amount of payment of carried interest could be incorrect.

- Morgan Stanley Investments and Affiliated Investment Accounts

Morgan Stanley may advise clients and has sponsored, managed or advised other alternative investment funds and investment programs, accounts and businesses (collectively, together with any new or successor funds, programs, accounts or businesses, the "Affiliated Investment Accounts") that have or will have active investment programs that are substantially similar to those of the Funds. Morgan Stanley may also from time to time create new or successor Affiliated Investment Accounts that may compete with the Funds and may present similar conflicts of interest. Certain members of the Funds' investment team and the investment committee may make investment decisions on behalf of both Morgan Stanley and such Affiliated Investment Accounts, including Affiliated Investment Accounts with investment objectives that overlap with those of the Funds. In addition, certain Affiliated Investment Accounts may make investments similar to those that may be made by the Funds even if they are not solely focused on such investments.

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Morgan Stanley related persons (including Morgan Stanley's trading and principal investing businesses) will have no obligation to offer to the Funds investment opportunities that are excluded from any otherwise existing contractual obligation. In such situations, a Morgan Stanley related person may pursue and make the investment for its own account. When deciding how to allocate such opportunities, Morgan Stanley will exercise its discretion and may consider its own financial interests or the interests of other clients or affiliates of Morgan Stanley ahead of those of the Funds.

In some cases, Morgan Stanley or an Affiliated Investment Account may invite one or more of the Funds to co-invest with it or a Fund's general partner may invite Morgan Stanley or an Affiliated Investment Account to co-invest with one or more of the Funds, in either the same or different tiers of a portfolio entity's capital structure or in an affiliate of such portfolio entity. To the extent the relevant Fund holds investments in the same portfolio entity or in an affiliate thereof that are different (including with respect to their relative seniority) than those held by Morgan Stanley or an Affiliated Investment Account, the Adviser and Morgan Stanley may be presented with decisions when the interests of the two co-investors are in conflict.

- **Management Persons**

Officers and employees supporting the Adviser may also serve as directors of certain portfolio companies and, in that capacity, will be required to make decisions that they consider to be in the best interest of the portfolio company, which in certain circumstances may not be in the best interests of the Funds. Companies with which one or more members of the investment team or other employees of Morgan Stanley are involved may also engage in transactions that would be suitable for the Funds, but in which the Funds might be unable to invest. Accordingly, in these situations, there may be conflicts of interests between such person's duties as an officer or employee of the Adviser and such person's duties as a director of the portfolio company.

Certain of the Adviser's management persons may also hold positions with the affiliates listed above. In these positions, those management persons of the Adviser may have some responsibility with respect to the business of these affiliates and the compensation of these management persons may be based, in part, upon the profitability of other affiliates. Consequently, in carrying out their roles with the Adviser or the Funds and these other entities, the management persons of the Adviser may be subject to the same or similar conflicts of interest that exist between the Adviser and these affiliates.

## **Conflict Identification and Mitigation**

- Morgan Stanley and the Adviser have established procedures intended to identify and mitigate conflicts of interest related to business activities on a worldwide basis. A conflict management officer for each business unit and/or region acts as a focal point to identify and address potential conflicts of interest in their business area. When appropriate, there is an escalation process to senior management within the business unit, and ultimately if necessary to firm management or the firm's conflict and franchise committees, for potentially significant conflicts that cannot be resolved in the ordinary course or that otherwise require senior management review. In addition,

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the Adviser addresses conflicts through disclosure to its investors and should any transactions that present a potential conflict of interest actually arise, the Adviser may in certain situations choose to seek the approval of the investors, limited partners and/or advisory committee for the respective fund with respect to conflicts of interest or approvals required under the Advisers Act, including Section 206(3) and/or the relevant partnership agreement. The Adviser may also choose to seek the approval of Limited Partners of the applicable Funds with respect to certain conflict situations or matters under the Advisers Act.



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## **Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

### **Code of Ethics**

The Adviser has adopted a Code of Ethics (the “Code”) pursuant to Rule 204A-1 under the Advisers Act, applicable persons who are supervised by the Adviser or support the Adviser in providing investment advice to the Funds or their general partners or, and who have access to nonpublic information regarding the purchase or sale of securities, or who make securities recommendations to the Funds or their general partners, or who have access to such recommendations that are nonpublic (“Access Persons”). Each Access Person is required to acknowledge the Code at the inception of his/her employment and annually thereafter. The Code is designed to make certain that all acts, practices and courses of business engaged in by Access Persons are conducted in accordance with the highest possible standards and to prevent abuse, or even the appearance of abuse, by Access Persons with respect to their personal trading and other business activities.

The Code addresses the personal trading and investment activities of Access Persons, as more fully described below. In addition, the Code addresses standards of business conduct and fiduciary duties expected of Access Persons, including confidentiality obligations and restrictions on outside business activities and other conflicts of interest.

Violations of the Code are subject to sanction, including reprimand, demotion, suspension or termination of employment.

Copies of the Code are available upon request from the Adviser.

### **Personal Trading and Investments**

The Code refers to a number of policies governing the securities trading and investing activities of employees for their own accounts. Such policies require all Access Persons to pre-clear trades for covered securities, as defined under the policies, in a personal account. A pre-clearance request will be denied if such securities are under consideration for investment, or have been acquired by, a client of the Adviser, or if the Adviser is in receipt of material non-public information of the company or if another conflict exists. Such policies also impose holding periods and reporting requirements for covered securities. In addition, investments in private placements or an employee’s participation in an outside business activity must be pre-approved by the employee’s designated manager and the Chief Compliance Officer.

### **Participation or Interest in Client Transactions**

We recommend that current or prospective investors invest in our Funds. Prior to subscribing for interests in a Fund, investors receive information relating to potential conflicts of interest between the activities of the Fund and the business activities of the Adviser, and its affiliates, or clients that may have a financial interest in the securities in which the Fund invests.

On rare occasions, a Fund may sell a security or asset which another Fund, or an affiliate of the Adviser, wants to own. On these occasions, after extensive Firm and legal and compliance review and

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documentation, a sale of the security or asset from one Fund to another may be permitted.

The Adviser may purchase and sell public and private investments and co-invest the assets of the clients alongside other funds and accounts managed by the Adviser or its affiliates in compliance with the requirements and conditions of rules, regulations, orders, or interpretations of the SEC, or no-action letters of the SEC Staff, and in accordance with fund and client account governing documents. The Adviser has adopted an Allocation Policy and Procedures in order to ensure that each client is treated in a fair and equitable manner. The following factors will be considered, as appropriate, in connection with allocation decisions:

- Rights of first offer in favor of a client
- Investment guidelines, goals or restrictions of the client
- Capacity of the client
- Existing allocation to similar strategies and the diversification objectives of the client
- Tax, legal or regulatory considerations
- With respect to co-investment allocations, whether the co-investor can provide value add to the operations of the business or provide future opportunities to the business of the client
- Other relevant business considerations

Please refer to Item 10 for a description of other financial industry activities and affiliations of Morgan Stanley, and a discussion of the material conflicts relating thereto.

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## **Item 12 – Brokerage Practices**

Due to the nature of the investments the Funds make, broker-dealers are not generally used for transactions. However, when executing transactions on behalf of the Funds through a broker, dealer or underwriter, the Adviser's objective will be to obtain "best execution" (that is, the most favorable price and execution). The Adviser's effort to obtain best execution on any individual transaction depends substantially on its judgment, knowledge and experience in evaluating the counterparties', advisers' and service providers' ("Counterparties") reliability and capability based on previous and pending transactions effected by the broker-dealer for client accounts. Some of the factors considered by the Adviser in selecting a Counterparty include, among other things, execution quality and capabilities, including with regard to market making, commissions charged by and gross compensation paid to such Counterparty, and special knowledge of the Adviser's client's markets.

The Adviser will only consider engaging in a principal or cross transaction with Morgan Stanley or its affiliates on behalf of a fund or client to the extent permitted by applicable law.

A broker-dealer (including a Morgan Stanley affiliate) may act as agent for one or more clients in selling publicly traded securities simultaneously. In such a situation, transactions may, but are not required to, be bundled and clients will receive proceeds from sales based on average prices received, which may be lower than the price which could have been received had each client sold its securities separately from such broker-dealer's other clients.

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### **Item 13 – Review of Accounts**

The General Partners' investment committees ("ICOMM") reviews and approves all significant investment decisions. The members of ICOMM are identified in the Supplements to the Adviser's Brochure in Form ADV Part 2B. The investments made by the Funds are generally private, illiquid and long-term in nature. Accordingly, the review process is not directed toward a short-term decision to dispose of securities. However, the Adviser's portfolio management staff closely monitors companies and assets in which the Funds invest and generally maintains an ongoing oversight position in such companies and assets (including, where relevant, representation on the board of directors of such companies). Reviews occur on a quarterly and (in some cases) monthly basis.

The Adviser provides quarterly unaudited reports and annual audited reports to the Limited Partners of the Funds managed by the Adviser, which include, among other things, financial statements and descriptions of the investments of the Funds.

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#### **Item 14 – Client Referrals and Other Compensation**

The Adviser may from time to time compensate certain of its employees, its affiliates' employees or any other placement agents in return for referrals of Limited Partners that have not previously invested in a fund managed by the Adviser. Any additional compensation paid specifically for such referrals will meet the requirements of Rule 206(4)-3 under the Advisers Act if applicable.

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## **Item 15 – Custody**

For the PE Asia, PE Asia III and PE Asia IV Funds, the Adviser is deemed to have custody of those Funds' cash and securities by virtue of its relationship with the General Partners of those Funds. Each limited partner of a PE Asia, PE Asia III and PE Asia IV Fund receives the relevant Fund's audited financial statements prepared in accordance with generally accepted accounting principles within 120 days of the end of the Fund's fiscal year.

For the MSGEM Funds, the Adviser is also deemed to have custody of the MSGEM Funds' cash and securities by virtue of its relationship with the general partners of those Funds. Each limited partner of the MSGEM Fund receives account statements from banks and other qualified custodians, in addition to reports they receive from the Adviser (as described in Item 13). Such fund investors or clients are urged to compare reports they receive from the Adviser to those they receive from banks and other qualified custodians.

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## **Item 16 – Investment Discretion**

As the manager of the Funds, the Adviser will have discretion to recommend to the General Partner, without consent of the Fund investors, the particular securities to be bought and sold, the broker or dealer (including a Morgan Stanley affiliate) to be used (if any) and the commission rates to be paid by the Funds in cases where a broker or dealer is used. The Adviser will provide investment advice to the Funds, subject to certain investment limitations regarding diversification and type of permitted investments as set forth in the applicable Partnership Agreement. When executing transactions on behalf of the Funds through a broker, dealer or underwriter, the Adviser's objective will be to obtain the most favorable commission and the best price available on each transaction in light of the quality of execution provided. Consequently, brokers, dealers and underwriters are selected primarily on the basis of their execution, capability and trading expertise.

The Adviser generally receives discretionary authority from a fund at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. Such authority is provided in the Adviser's advisory contract with each fund and/or under the terms of the operating agreement of each fund. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular fund. When selecting securities and determining amounts, the Adviser observes the investment policies, limitations and restrictions of the relevant fund.

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## Item 17 – Voting Client Securities

Where the Adviser has accepted authority to vote proxies on behalf of a client, the Adviser will vote proxies in accordance with its policies and procedures in place for voting of proxies (the “Proxy Voting Policy”), which are designed to ensure compliance with Rule 206(4)-6 of the Advisers Act. Copies of the Proxy Voting Policy are available upon request from the Adviser. Under the Proxy Voting Policy, the Adviser will vote proxies on behalf of the clients based on a determination of the best interest of the clients, consistent with the objective of maximizing long-term investment returns for the clients.

In many situations, a client is a party to a stockholder or similar agreement. These agreements are entered into in the best interests of the clients, and may require the Adviser to vote the other investors’ nominees to a board of directors or similar body, or require a vote in favor of a particular transaction. If this is the case, the Adviser will comply with the applicable clients’ contractual obligations.

Where no contract requires a client to vote for a specific outcome, the Proxy Voting Policy is designed to be responsive to the wide range of issues that may be subject to proxy vote, but is not exhaustive due to the variety of proxy voting issues that the Adviser may be required to consider.

The clients generally make a limited number of direct investments in portfolio companies that are or will become public. As a result, the Adviser will generally cast proxy votes on behalf of the clients with respect to a limited number of public portfolio companies.

The Adviser reserves the right to depart from the Proxy Voting Policy in order to avoid voting decisions that it believes may be contrary to the clients’ best interests. In addition, the Adviser may also abstain from voting if, based on factors such as expense or difficulty of exercise, it determines that the client’s interests are better served by an abstention.

The Adviser may be subject to conflicts of interest in the voting of proxies. A potential conflict of interest may occur where an adviser or any of its affiliates or their respective employees has a direct or indirect economic stake in the outcome of a proxy vote that is different from a client’s stake. When such a potential conflict arises between the Adviser and any of its affiliates or their respective employees on the one hand and one or more of the clients on the other, the matter is evaluated to determine whether an actual conflict exists. Where an actual conflict exists, the Adviser will take necessary and appropriate steps to address the conflict.



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## **Item 18 – Financial Information**

Registered investment advisers are required in this Item to provide you with certain financial information or disclosure about the Adviser’s financial condition. The Adviser is not aware of any financial condition that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.