

STOCK EXCHANGE			
Regulatory Information Circular			
<b>Circular number:</b>	2009-32	<b>Contact:</b>	Russ Davidson
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**Subject: Capital Protected Notes**

**Background Information on the Notes**

The Notes are designed for investors who want to participate in possible increases in the Index and who are willing to forego market interest payments on the Notes during the Notes' term. The Index is a modified market-capitalization weighted index of 100 of the largest stocks of non-financial companies listed on the NASDAQ National Market. The Notes are unsecured debt securities of Morgan Stanley. As such, the Notes have certain unique characteristics, and investors must receive an explanation of such special characteristics and risks, including, but not limited to, the following:

- The Notes combine features of equity and debt instruments. The terms of the Notes differ from those of ordinary debt securities in that they do not pay a fixed income at maturity. At maturity, the beneficial holder will receive the principal amount, and if the value of the Index has increased, the holder will be entitled to receive a payment on the Notes based on the amount of that percentage increase. The payment that the holder will be entitled to receive depends entirely on the relation of the arithmetic average of the closing values of the Index on September 1, 2005, September 1, 2006, September 1, 2007, September 1, 2008 and August 30, 2010 to the closing value of the Index on the date that the Notes are priced for initial sale to the public.
- Investing in the Notes is not equivalent to investing in the component stocks of the Index.
- As an owner of the Notes, the holder will not have any voting rights or rights to receive dividends or other distributions, or any other rights with respect to the stocks underlying the Index.
- The Notes will not pay interest. Instead, holders will receive a payment on the Notes at maturity.

**Other Important Information**

There can be no assurances as to how the Notes will trade in the secondary market or whether such market will be liquid or illiquid. Securities with characteristics similar to the Notes are unique securities, and there is currently no secondary market for the Notes.

The market value for the Notes will be affected by a number of factors including, but not limited to:

- The value of the Index.
- The volatility of the Index.
- Interest and dividend yield rates in the market.
- The dividend rate on the stocks underlying the Index.
- Events that affect the stocks underlying the Index or stock markets generally that may affect the value of the Index.
- The time remaining until the Notes mature.
- Morgan Stanley's creditworthiness.

Before a member may recommend a transaction in the Notes to a customer, the member must have reasonable grounds for believing (and must reasonably believe) that the recommendation is suitable for such customer based on the facts disclosed by such customer as to his other security holdings and as to his financial situation and needs. A member is required to make reasonable efforts to obtain information concerning the customer's financial status, tax status and investment objectives, and such other information used or considered reasonable by the member in making recommendations to the customer. Members are requested to communicate this information to all branches.

### **Exchange Rules Applicable to Trading in the Notes**

The Notes are considered equity securities, thus rendering trading in the Notes subject to the Exchange's existing rules governing the trading of equity securities.

### **Trading Hours**

Trading in the Notes on ISE is on a UTP basis and is subject to ISE equity trading rules. The Notes will trade from 8:00 a.m. until 8:00 p.m. Eastern Time. Equity EAMs trading the Notes during the Extended Market Sessions are exposed to the risk of the lack of the calculation or dissemination of underlying index value or intraday indicative value ("IIV"). For certain derivative securities products, an updated underlying index value or IIV may not be calculated or publicly disseminated in the Extended Market hours. Since the underlying index value and IIV are not calculated or widely disseminated during Extended Market hours, an investor who is unable to calculate implied values for certain derivative securities products during Extended Market hours may be at a disadvantage to market professionals.

### **Trading Halts**

ISE will halt trading in the Shares of a Trust in accordance with ISE Rule 2101(a)(2)(iii). The grounds for a halt under this Rule include a halt by the primary market because it stops trading the Shares and/or a halt because dissemination of the IIV or applicable currency spot price has ceased, or a halt for other regulatory reasons. In addition, ISE will stop trading the Shares of a Trust if the primary market de-lists the Shares.

### **Delivery of a Prospectus**

Pursuant to federal securities laws, investors purchasing Shares must receive a prospectus prior to or concurrently with the confirmation of a transaction. Investors purchasing Shares directly from the Fund (by delivery of the Deposit Amount) must also receive a prospectus.

Prospectuses may be obtained through the Distributor or on the Fund's website. The Prospectus does not contain all of the information set forth in the registration statement (including the exhibits to the registration statement), parts of which have been omitted in accordance with the rules and regulations of the SEC. For further information about the Fund, please refer to the Trust's registration statement.

**This Regulatory Information Circular is not a statutory Prospectus. Equity EAMs should consult the Trust's Registration Statement, SAI, Prospectus and the Fund's website for relevant information.**

## Appendix A

<b>Ticker</b>	<b>Fund Name</b>	<b>CUSIP Number</b>
MSNQ	Capital Protected Notes based upon the value of the Nasdaq-100 Index® (the "Index")	61746Y 65 0