



## Information Circular: Morgan Stanley SPARQS

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**To:** Head Traders, Technical Contacts, Compliance Officers, Heads of ETF Trading, Structured Products Traders

**From:** BX Listing Qualifications Department

**DATE:** January 15, 2009

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Equity-Linked Notes	Symbol	CUSIP Number
Morgan Stanley 12% Stock Participation Accreting Redemption Quarterly-pay Securities Mandatorily Exchangeable for Common Stock of Arch Coal, Inc.	AHB	617475710

### Information on the Notes

Morgan Stanley (the "Issuer") has issued 12% Stock Participation Accreting Redemption Quarterly-pay Securities ("SPARQS") mandatorily exchangeable for common stock of Arch Coal, Inc. ("Arch"). The SPARQS were priced at \$7.615 each and will mature on September 20, 2008.

The SPARQS will pay 12% coupon per annum, payable quarterly beginning December 20, 2007. If not previously called by the Issuer, investors will receive 0.25 shares of Arch common stock per SPARQS at maturity.

As more fully set forth in the Prospectus Supplement, beginning on March 20, 2008, the issuer may call the SPARQS for a cash call price that, together with coupons paid from the original issue date through the call date, implies an annualized rate of return on the stated principal amount equal to the yield to call of 19%. If the issuer calls the SPARQS, at least 10 but not more than 30 calendar days notice will be given before the call date specified in the notice.

Investors should note that Arch is not involved in the subject offering and has no obligation with respect to these securities whatsoever, including any obligations with respect to the principal amount to be paid at maturity, or to take the needs of the Issuer or holders of SPARQS into consideration. Any dividends or distributions to Arch common stock shareholders will not be paid to holders of SPARQS. The SPARQS will be issued in book entry form.

Since all payments which may be due to holders of SPARQS are the sole responsibility of the Issuer, it is the credit of Morgan Stanley, and not Arch, which stands behind the SPARQS.

It is expected that the market value of the SPARQS will depend substantially on the value of Arch common stock and be affected by a number of other interrelated factors including, among other things: the general level of interest rates, the volatility of Arch common stock, the time remaining to maturity, the dividend yield of Arch common stock, and the credit ratings of the Issuer.

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

The Trustee for the securities is The Bank of New York.

Trading in the SPARQS on BX is on a UTP basis and is subject to BX equity trading rules. The SPARQS will trade from 8:00 a.m. until 7:00 p.m. Eastern Time. For trading during BX's Pre-Market and Post-Market Sessions, market participants should note that additional risks may exist with respect to trading the Funds during these sessions, when the underlying index's values may not be disseminated.

Trading of the SPARQS on BX is subject to the provisions of BX Rule 2310. Members recommending transactions in the SPARQS to customers should make a determination that the recommendation is suitable for the customer. In addition, members must possess sufficient information to satisfy the "know your customer" obligation that is embedded in the BX Conduct Rules.

Members also should review FINRA Notice to Members 03-71 for guidance on trading these products. The Notice reminds members of their obligations to: (1) conduct adequate due diligence to understand the features of the product; (2) perform a reasonable-basis suitability analysis; (3) perform customer-specific suitability analysis in connection with any recommended transactions; (4) provide a balanced disclosure of both the risks and rewards associated with the particular product, especially when selling to retail investors; (5) implement appropriate internal controls; and (6) train registered persons regarding the features, risk and suitability of these products.

**This Information Circular is not a statutory prospectus. BX members should consult the registration statement or prospectus for the SPARQS for additional information.**

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Inquiries regarding this Information Circular should be directed to:

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