



Information Circular: Morgan Stanley Capital Protected Notes based on a Global Basket of Indices

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

From: PHLX Listing Qualifications Department

Capital Protected Notes	Symbol	CUSIP Number
Morgan Stanley Capital Protected Notes based on a Global Basket of Indices	GBC	61747S413

Information on the Notes

Morgan Stanley (the "Issuer") has issued Capital Protected Notes (the "Notes") based on a Global Basket of Indices (the "Basket"). The Notes were issued at \$10 each and have a maturity date of August 20, 2011. The Notes do not pay interest. The Notes are principal protected. The Notes are not callable prior to the maturity date.

The Basket is equally weighted among the Dow Jones EURO STOXX 50 Index, the S&P 500 Index and the Nikkei 225 Index and offers exposure to the equity market performance of Europe, the United States of America, and Japan.

As more fully set forth in the Prospectus Supplement, at maturity investors will receive \$10 plus the Supplemental Redemption Amount, which may be zero.

The Supplemental Redemption Amount equals the product of \$10 times the participation rate times the Basket Percent Change; provided that the Supplemental Redemption Amount will not be less than zero.

The Basket Percent Change is: $(\text{Final Index Value} - \text{Initial Index Value}) / \text{Initial Index Value}$

The Initial Index Value is 10, the sum of the products of the initial index closing value and multiplier for each basket index. The Final Index Value is the sum of the products of the index closing value and multiplier for each basket index on the determination date, August 17, 2011.

Investor should be aware that the notes may not pay more than the stated principal amount at maturity. If the Final Index Value is less than or equal to the Initial Index Value, you will receive only the stated principal amount of \$10 for each note you hold at maturity. In addition, investing in the Notes is not equivalent to investing in the basket indices or their component stocks.

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

Several factors, many of which are beyond the Issuer's control, will influence the value of the notes in the secondary market and the price at which the Issuer may be willing to purchase or sell the notes in the secondary market, including: the value of each of the basket indices at any time and, in particular, on the determination date, the volatility of the basket indices, interest and yield rates in the market, geopolitical conditions and economic, financial, political and regulatory or judicial events, the time remaining to the maturity of the notes, the dividend rate on the stocks underlying the basket indices and the Issuer's creditworthiness.

Trading in the Notes on PHLX's PSX system is on a UTP basis and is subject to PHLX rules. The Notes will trade on PSX from 9:00 a.m. until 5:00 p.m. Eastern Time. For trading during PSX's Pre-Market and Post-Market Sessions, market participants should note that additional risks may exist with respect to trading the Notes during these sessions, when the underlying index's value or similar value may not be disseminated.

PHLX will halt trading in the Notes in accordance with PHLX Rule 3100. The grounds for a halt under these rules include a halt by the primary market because the value of the underlying index or a similar value is not being disseminated as required, or a halt for other regulatory reasons. In addition, PHLX will also stop trading the Shares Notes if the primary market de-lists the Notes.

Members and member organizations recommending transactions in the Notes to customers should make a determination that the recommendation is suitable for the customer, as provided by PHLX Rule 763.

PSX members and member organizations also should review NASD Notice to Members 03-71 for guidance on trading these products. The Notice reminds broker-dealers 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. PHLX members and member organizations should consult the registration statement or prospectus for the Notes for additional information.

Inquiries regarding this Information Circular should be directed to:

- [Will Slattery](#), PHLX Listing Qualifications, at 301.978.8088
- [PSX Market Sales](#) at 800.846.0477