



Information Circular: PROPELS

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

From: PHLX Listing Qualifications Department

Appendix A contains links to information circulars regarding the Morgan Stanley Protected Performance Equity Linked Securities ("PROPELS") prepared by their listing market, The American Stock Exchange. BX members should consult these information circulars, which contain important information about the characteristics of the PROPELS and the principal risks of an investment in the PROPELS.

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 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. PHLX members and member organizations should consult the registration statement or prospectus for the PROPELS for additional information.

Inquiries regarding this Information Circular should be directed to:

- Will Slattery, PHIX Listing Qualifications, at 301.978.8088
- PHLX Office of General Counsel at 301.978.8400
- PSX Market Sales at 800.846.0477

Appendix A – PROPELS

Index-Linked Notes	Symbol	CUSIP Number	Relevant Link
0.50% PROPELS based on the value of the S&P 500 Index, due December 30, 2011	PEL	61746S877	http://www.amex.com/amextrader/dailylist/data/reIFiles/PEL.pdf
PROPELS based on the Value of a Basket of Three International Indices, due December 30, 2011	EBK	61746S778	http://www.amex.com/amextrader/dailylist/data/reIFiles/EBK.pdf
0.40% PROPELS based on the value of the Dow Jones Industrial Average, Due December 30, 2011	PDJ	61746S703	http://www.amex.com/amextrader/dailylist/data/reIFiles/pdj.pdf