



Notice, Pursuant to Exchange By-law 18-2, of Disciplinary Action Against Morgan Stanley & Co. Incorporated, Member Organization

To: Members, Member Organizations, Participants and Participant Organizations
From: Mark Schepps, Chief Enforcement Counsel, NASDAQ OMX PHLXSM
DATE: January 22, 2010

NASDAQ OMX PHLX No. 10-03 Enforcement No. 2009-30

On January 21, 2010, the Business Conduct Committee (the "Committee") issued a disciplinary decision against Morgan Stanley & Co. Incorporated ("Morgan Stanley"), a member organization of the Exchange. In response to a Statement of Charges issued in this action, Morgan Stanley submitted an Offer of Settlement, Stipulation of Facts and Consent to Sanctions ("Offer"). Solely to settle this proceeding, and without admitting or denying the charges, Morgan Stanley consented to findings that it violated Exchange Rule 1001 by exceeding the position limit for option contracts on Citigroup, Inc. common stock during the period from March 18, 2009, through March 20, 2009. Morgan Stanley's Offer was accepted by the Committee and was the basis of its Decision.

The Committee found that Morgan Stanley violated Exchange Rule 1001, concurred in the sanctions consented to by it, and ordered the imposition of the following sanctions: (i) a censure and (ii) a fine of \$50,000.

For more information, contact:

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