



Information Circular: PPY

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

From: William Slattery, Director, NASDAQ Listing Qualifications Department

DATE: February 28, 2007 (**Updated March 29, 2007**)

The NASDAQ Stock Market LLC (“NASDAQ”) began operating as a national securities exchange for trading non-NASDAQ listed securities on February 12, 2007. As a result, Morgan Stanley 2.8% Market Participation Securities linked to the DJ High Yield Select 10 Index (“Market Participation Securities”) that previously traded through our systems on an over-the-counter basis are being traded by NASDAQ as an exchange on an unlisted trading privileges (UTP) basis for the first time.

Index-Linked Notes	Symbol	CUSIP Number
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2.8% Market Participation	PPY	61748A742
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<http://www.amex.com/amextrader/dailylist/data/relFiles/PPY.pdf>

**Securities linked to the
DJ High Yield Select
10 Index, due
March 30, 2012**

The “relevant link” above is to an information circular regarding the Market Participation Securities prepared by their listing market, The American Stock Exchange. NASDAQ members should consult this information circular, which contains important information about the characteristics of the Market Participation Securities and the principal risks of an investment in the Market Participation Securities.

Trading in the Market Participation Securities on NASDAQ is subject to [NASDAQ equity trading rules](#). The Market Participation Securities will trade from 7:00 a.m. until 8:00 p.m. SEC Rule 10a-1 (the SEC short sale rule) applies to trading in the Market Participation Securities.

Trading of the Market Participation Securities on NASDAQ is subject to the provisions of [NASDAQ Rule 2310](#). Members recommending transactions in the Market Participation Securities 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 NASDAQ Conduct Rules.

Members 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. NASDAQ members should consult the registration statement or prospectus for the Market Participation Securities for additional information.

Inquiries regarding this Information Circular should be directed to:

- Will Slattery, Director, NASDAQ Listing Qualifications, at 301.978.8088
- NASDAQ Office of General Counsel at 301.978.8400
- NASDAQ Market Sales at 800.846.0477