



<b>EDGA &amp; EDGX STOCK EXCHANGES</b>			
Regulatory Information Circular			
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**Subject: 9 % Targeted Income Strategic Total Return Securities**

### **Background Information on the Security**

The securities make monthly payments at an annual rate of 9% on the \$10 principal amount of each security, and upon maturity, exchange, or redemption, the securities pay a net entitlement value based upon the performance of the CBOE NASDAQ-100 BuyWrite Index, which represents an at-the-money covered call strategy on the NASDAQ-100 Index. The net entitlement value of the securities is reduced by an adjustment factor, which on an annualized basis will reduce the net entitlement value by 9% of the issue price of the securities (to take into account the interim payments on the securities) and by an additional 2% of the net entitlement value on each trading day. The securities are unsecured debt securities of Morgan Stanley and are non-principal protected (i.e., at maturity, investors may receive less, and possibly substantially less, than the original public offering price). As such, the securities have certain unique characteristics, and investors must receive an explanation of such special characteristics and risks, including, but not limited to, the following:

- These securities do not guarantee return of principal.
- The initial net entitlement value and the adjustment amount will have the effect of reducing your participation in the BXN Index.
- The appreciation of the BXN Index may be less than that of the NASDAQ-100 Index due to the effect of the BXN Index's buy-write strategy.
- Investment in the securities is not the same as investing directly in the BXN Index or pursuing a buy-write strategy directly.
- The securities may trade at prices that do not reflect the value of the BXN Index.

### **Other Important Information**

There can be no assurances as to how the securities will trade in the secondary market or whether such market will be liquid or illiquid. The market value for the securities will be affected by a number of factors including, but not limited to:

- The value of the Index.
- The volatility of the Index.
- Interest and dividend yield rates in the market.
- The dividend rate on the stocks underlying the Index.
- Events that affect the stocks underlying the Index or stock markets generally that may affect the value of the Index.
- The liquidity of the call option on the NASDAQ-100 Index included in the BXN Index

- each month.
- Morgan Stanley's creditworthiness.

Before a member may recommend a transaction in the securities to a customer, the member must have reasonable grounds for believing (and must reasonably believe) that the recommendation is suitable for such customer based on the facts disclosed by such customer as to his other security holdings and as to his financial situation and needs. A member is required to make reasonable efforts to obtain information concerning the customer's financial status, tax status and investment objectives, and such other information used or considered reasonable by the member in making recommendations to the customer. Members are requested to communicate this information to all branches.

### **Exchange Rules Applicable to Trading in the Shares**

The Shares are considered equity securities, thus rendering trading in the Shares subject to the Exchange's existing rules governing the trading of equity securities.

### **Trading Hours**

Trading in the shares on EDGA and EDGX Exchanges (the "Exchanges") is on a UTP basis and is subject to the Exchanges equity trading rules. The shares will trade from 8:00 a.m. until 8:00 p.m. Eastern Time. Members trading the shares during the Extended Market Sessions (Pre-opening and Post-closing sessions) are exposed to the risk of the lack of the calculation or dissemination of underlying index value or intraday indicative value ("IIV"). For certain derivative securities products, an updated underlying index value or IIV may not be calculated or publicly disseminated in the Extended Market hours. Since the underlying index value and IIV are not calculated or widely disseminated during Extended Market hours, an investor who is unable to calculate implied values for certain derivative securities products during Extended Market hours may be at a disadvantage to market professionals.

### **Trading Halts**

The Exchanges will halt trading in the Shares of a Trust in accordance with Exchange Rules 14.1(c)(4). The grounds for a halt under this Rule include a halt by the primary market because it stops trading the Shares and/or a halt because dissemination of the IIV or applicable currency spot price has ceased, or a halt for other regulatory reasons. In addition, the Exchanges will stop trading the Shares of a Trust if the primary market de-lists the Shares.

### **Delivery of a Prospectus**

Pursuant to federal securities laws, investors purchasing Shares must receive a prospectus prior to or concurrently with the confirmation of a transaction. Investors purchasing Shares directly from the Fund (by delivery of the Deposit Amount) must also receive a prospectus.

Prospectuses may be obtained through the Distributor or on the Fund's website. The Prospectus does not contain all of the information set forth in the registration statement (including the exhibits to the registration statement), parts of which have been omitted in accordance with the rules and regulations of the SEC. For further information about the Fund, please refer to the Trust's registration statement.

**This Regulatory Information Circular is not a statutory Prospectus. Members should consult the Trust's Registration Statement, SAI, Prospectus and the Fund's website for relevant information.**

## Appendix A

<b>Ticker</b>	<b>Fund Name</b>	<b>Cusip</b>
NBXH	9% Targeted Income Strategic Total Return Securities	61747Y816