



EDGA & EDGX STOCK EXCHANGES			
Regulatory Information Circular			
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Subject: Morgan Stanley Capital Protected Notes based on the value of a Basket of 15 Companies in the Energy Industry

Information on the Notes

Morgan Stanley Capital Protected Notes based on the value of a Basket of 15 Companies in the Energy Industry. The principle amount and issue price of each note is \$10 with a maturity date of September 30, 2012.

As more fully set forth in the Issuer's Registration Statement (#333-106789), and Prospectus Supplement, the notes will bear 1.30% interest based on the initial offering price of \$10. Interest will be payable semi-annually, beginning March 30, 2005.

At maturity, the holder will receive the greater of the principal amount of \$10 and the average value of a basket of shares of common stock of fifteen companies in the energy industry, which is referred to as the basket socks, as determined on eight specified determination dates during the life of the notes, minus the aggregate interest payable over the term of the notes, which is \$1.0414.

Morgan Stanley has selected the common stock of fifteen companies in the Energy Industry to constitute and equally represent "The Basket" (Symbol: MEB). At the initial offering of the notes, the basket is equally weighted, and the initial basket value is \$10. The fractional amount of each basket stock included in the basket is set at an exchange ratio calculated so that each basket stock represents 6.667% of the initial basket value, based on the closing prices of the basket stocks on the day we price the notes for initial sale to the public. The exchange ratio for any basket stock will remain constant for the term of the notes unless adjusted for certain corporate events relating to the issuer of that basket stock.

It is expected that the market value of the "Basket" will be affected by the value of the Index, by a number of other interrelated factors including, among other things: the general level of interest rates, the volatility of the stocks representing the basket, the time remaining to maturity, the dividend rate on stocks included in the basket, and the credit rating of the Issuer.

Investing in BEM is not equivalent to investing in the Energy stocks that constitute the Basket.

The Trustee for these Notes will be JP Morgan Chase Bank. BEM are senior notes issued as part of the Series C medium term note program at Morgan Stanley.

Information concerning taxation may be found in the Prospectus.

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.

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 Regulatory Information Bulletin 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

Ticker	Fund Name	Cusip
BEM	Morgan Stanley Capital Protected Notes based on the value of a Basket of 15 Companies in the Energy Industry	61746S422