



EDGA & EDGX STOCK EXCHANGES			
Regulatory Information Circular			
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**Subject: Morgan Stanley PROtected Performance Equity Linked Securities**

**Information on the Notes**

The EDGA and EDGX exchanges will begin trading Morgan Stanley PROtected Performance Equity Linked Securities ("PROPELS") Based on the Value of a Basket of Three International Indices.

The new securities were issued at a price of \$10, with a maturity date of December 30, 2011.

As more fully set forth in the Issuer's Prospectus and Prospectus Supplement (SEC Registration #333-106789), the aforementioned security will not bear interest. At maturity, holders will receive par (\$10) plus the Supplemental Redemption Amount, if any.

The Supplemental Redemption Amount will equal the product of par (\$10) times the percentage increase, if any, in the average protected basket value over the initial basket value.

The Supplemental Redemption Amount cannot be less than zero.

The average protected basket value will equal the arithmetic average of the protected basket closing values on eight specified Determination Dates during the life of the PROPELS.

The Determination Dates will be the 30<sup>th</sup> of December in each year, beginning December 30, 2004. In the eighth and final year (2011), the Determination Date will be December 28th.

The initial basket value equals the sum of (i) the closing value of the Euro STOXX 50 Index times the Euro STOXX 50 Index Multiplier, (ii) the closing value of the FTSE 100 Index times the FTSE 100 Index Multiplier and (iii) the closing value of the Nikkei 225 Index times the Nikkei 225 Index Multiplier. The closing values and multipliers for each of the basket indices were calculated on the trading day immediately succeeding the offering and were equally weighted among the three basket indices. The Basket Value will be represented by ticker symbol EFK. The Initial Basket Value is \$10.

Since all payments, which may be due to holders of EBK, are the sole responsibility of the Issuer, it is the credit of Morgan Stanley, which stands behind EBK.

There can be no assurances as to how the PROPELS will trade in the secondary market or whether such market will be liquid or illiquid. Securities with characteristics similar to the PROPELS are unique securities, and there is currently no secondary market for the PROPELS. The market value for the PROPELS will be affected by a number of factors including, but not

limited to, the volatility of three international indices, the dividend rate on stocks underlying these indices, and interest and yield rates in the market and the time remaining to the maturity of the PROPELS.

Information concerning taxation may be found in the Prospectus.

The Trustee for this security is JP Morgan Chase Bank.

### **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.

**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>
EBK	Morgan Stanley PROtected Performance Equity Linked Securities Based on the Value of a Basket of Three International Indices	61746S778