



## Information Circular: Morgan Stanley

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

**From:** NASDAQ / BX / PHLX Listing Qualifications Department

**Date:** June 29, 2011

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### Exchange-Traded Notes

**Symbol**    **CUSIP #**

Morgan Stanley S&P 500 Crude Oil Linked Exchange-Traded Notes

BARL    61760E390

### Information on the Notes

Morgan Stanley (the "Issuer") has issued Exchange Traded Notes ("ETNs" or "Notes") linked to the performance of the S&P 500 Oil Hedged Index (the "Index"). The maturity date is July 1, 2031.

The Index provides exposure to the S&P 500 Total Return Index and an equal weighted combination of near-term NYMEX West Texas Intermediate (WTI) Sweet Crude and ICE Brent (Brent) Crude Oil futures contracts. A \$100 investment in the ETNs provides a \$100 exposure to the S&P 500 Index and a \$50 exposure to each of the WTI and Brent futures. Each exposure is rebalanced on a monthly basis.

The payment on the ETNs at maturity or call, or upon early repurchase, is linked to the Index closing level and not to the published intraday indicative value of the ETNs. The payment at maturity per ETN will be an amount equal to (i) the product of the principal amount and the Index Performance Ratio as of the Final Valuation Date, minus (ii) the Tracking Fee as of the Final Valuation Date; provided that the Payment at Maturity shall not be less than zero.

The Index Performance Ratio equals:

$$\text{Index Closing Level} / \text{Index Starting Level}$$

The Final Valuation Date is June 26, 2031. The Tracking Fee Rate is 0.79% per annum.

Investing in the ETNs may result in a significant or complete loss.

Please see the prospectus for the Notes for more details regarding the calculations and details regarding the Index.

It is expected that the market value of the Notes will depend substantially on the value of the Index and may be affected by a number of other interrelated factors including, among

other things: the general level of interest rates, the volatility of the Index, the time remaining to maturity, the dividend yield of the stocks comprising the Index, and the credit ratings of the Issuer.

Trading in the Notes on NASDAQ is on a UTP basis and is subject to NASDAQ equity trading rules. Trading in the Notes on BX is on a UTP basis and is subject to BX equity trading rules. Trading in the Notes on PHLX's PSX system is on a UTP basis and is subject to PHLX rules. The Notes will trade on NASDAQ from 7:00 a.m. until 8:00 p.m. Eastern Time. The Notes will trade on BX from 8:00 a.m. until 7:00 p.m. Eastern Time. The Notes will trade on PSX from 9:00 a.m. until 5:00 p.m. Eastern Time. For trading during each market's pre-market and post-market sessions, market participants should note that additional risks may exist with respect to trading the Notes during these sessions, when the underlying index's value or similar value may not be disseminated.

NASDAQ will halt trading in the Notes in accordance with NASDAQ Rule 4120. BX will halt trading in the Notes in accordance with BX Equity Rule 4120. PHLX will halt trading in the Notes in accordance with PHLX Rule 3100. The grounds for a halt under each of these rules include a halt by the primary market because the value of the underlying index or a similar value is not being disseminated as required, or a halt for other regulatory reasons. In addition, NASDAQ, BX and PHLX will also stop trading the Notes if the primary market delists the Notes.

Trading of the Notes on NASDAQ is subject to the provisions of NASDAQ Rule 2310. Trading of the Notes on BX is subject to the provisions of BX Rule 2310. Members recommending transactions in the Notes to customers should make a determination that the securities are 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 and BX Conduct Rules.

Members and member organizations recommending transactions in the Notes to customers should make a determination that the recommendation is suitable for the customer, as provided by PHLX Rule 763.

Nasdaq members, BX members and PHLX members and member organizations should also 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, BX members and PHLX members and member organizations should consult the registration statement or prospectus for the Notes for additional information.**

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Inquiries regarding this Information Circular should be directed to:

- Will Slattery, Listing Qualifications, at 301.978.8088
- NASDAQ / BX/ PSX Market Sales at 800.846.0477