

STOCK EXCHANGE			
Regulatory Information Circular			
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**Subject: PLUS Dow Jones EURO STOXX 50**

**Background Information on the Security**

The PLUS are designed for investors who want to participate in possible increases in the Index, subject to a cap, and who are willing to forego market interest payments on the PLUS during the PLUS' term. The Index was created by STOXX Limited. The Index is calculated with the "Laspeyres formula," which measures the aggregate price changes in the component stocks against a fixed quantity weight and is composed of 50 component stocks of market sector leaders from within the Dow Jones Euro STOXX 50 Index. The PLUS 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 PLUS have certain unique characteristics, and investors must receive an explanation of such special characteristics and risks, including, but not limited to, the following:

- The PLUS combine features of equity and debt instruments. The terms of the PLUS differ from those of ordinary debt securities in that they do not pay a fixed income at maturity. At maturity, if the value of the Index has increased, an investor will be entitled to receive a payment on the PLUS based on triple the amount of that percentage increase, but subject to a maximum payment. As a result, an investor does not participate in increases in the Index above a predetermined percentage of the closing value of the Index on the date the PLUS are priced for initial sale to the public. Unlike ordinary debt securities, the PLUS do not guarantee any return of principal at maturity. Therefore, if the value of the Index has declined at maturity, an investor will receive less, and possibly significantly less, than the original public offering price of \$10.00 per unit. The payment that an investor will be entitled to receive depends entirely on the relation of the value of the Index on the second scheduled trading day prior to the maturity date to the closing value of the Index on the date that the PLUS are priced for initial sale to the public.
- Investing in the PLUS is not equivalent to investing in the component stocks of the Index.
- As an owner of the PLUS, an investor will not have any voting rights or rights to receive dividends or other distributions, or any other rights with respect to the stocks underlying the Index.
- The PLUS will not pay interest. Instead, investors may receive a payment on the

PLUS at maturity, which may be more or less (and possibly significantly less) per share than the original public offering price of \$10.

### **Other Important Information**

There can be no assurances as to how the PLUS will trade in the secondary market or whether such market will be liquid or illiquid. Securities with characteristics similar to the PLUS are unique securities, and there is currently no secondary market for the PLUS. The market value for the PLUS 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 time remaining until the PLUS mature.
- Morgan Stanley's creditworthiness.

Before an Equity Electronic Access Member ("Equity EAM") may recommend a transaction in the PLUS to a customer, the Equity EAM 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. An Equity EAM 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.

### **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 ISE is on a UTP basis and is subject to ISE equity trading rules. The shares will trade from 8:00 a.m. until 8:00 p.m. Eastern Time. Equity EAMs trading the shares during the Extended Market 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**

ISE will halt trading in the Shares of a Trust in accordance with ISE Rule 2101(a)(2)(iii). 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, ISE 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. Equity EAMs 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 Number</b>
ESTX	The PLUS based upon the value of the Dow Jones EURO STOXX 50	61746 S 41 4