



UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

DIVISION OF  
INVESTMENT MANAGEMENT

October 22, 2008

Amy R. Doberman  
Managing Director  
Investment Management  
Morgan Stanley  
522 Fifth Avenue  
New York, NY 10036

Re: Morgan Stanley Money Market Funds

Dear Ms. Doberman:

Based on the facts and representations contained in your September 18, 2008 letter, we will not recommend enforcement action to the Securities and Exchange Commission against the Morgan Stanley money market funds listed in Appendix A to your letter (the "Funds"), and Morgan Stanley & Co. Incorporated (the "Purchaser"), under Section 17(a) of the Investment Company Act of 1940, or the rules thereunder, if the Purchaser purchases from the Funds any of the securities in each Fund's portfolio as of the date of your letter that are Eligible Securities, as defined in rule 2a-7 under the Act, at the amortized cost (including any accrued and unpaid interest) of each purchased security.<sup>1</sup> The relief provided herein is limited to transactions executed during the 60 day period from the date of your letter and to securities the market value of which at the time of purchase will be equal to or less than their amortized cost value.

-- Each Fund is an open-end management investment company registered under the Investment Company Act of 1940. You state that the Purchaser and the Funds' investment advisers, Morgan Stanley Investment Management Inc. and Morgan Stanley Investment Advisors Inc., are each wholly-owned subsidiaries of Morgan Stanley. Therefore, the Purchaser is an affiliated person of an affiliated person of the Funds', as defined in Section 2(a)(3) of the Investment Company Act of 1940.

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<sup>1</sup> This letter confirms oral no-action relief provided by the undersigned to Amy R. Doberman on September 18, 2008.

Because our position is based on the facts and representations in your letter, you should note that any different facts or representations may require a different conclusion. This response expresses our views on enforcement action only and does not express any legal conclusion on the issues presented.<sup>2</sup>

We have considered your request for confidential treatment of your letter and our response until October 30, 2008 or such earlier date as the Staff of the Division of Investment is advised that all information in your letter has been made public. We have determined that your request is reasonable and appropriate under 17 CFR 200.81(b). Accordingly, your letter and our response will not be made public until October 30, 2008.

Very truly yours,

A handwritten signature in black ink, appearing to read "Dalia Osman Blass", written over a horizontal line.

Dalia Osman Blass  
Senior Counsel

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<sup>2</sup> The Division of Investment Management generally permits third parties to rely on no-action or interpretive letters to the extent that the third party's facts and circumstances are substantially similar to those described in the underlying request for a no-action or interpretive letter. Investment Company Act Release No. 22587 (Mar. 27, 1997) n. 20. In light of the very fact-specific nature of the Funds' request, however, the position expressed in this letter applies only to the entities seeking relief, and no other entity may rely on this position. Other funds facing similar legal issues should contact the staff of the Division about the availability of no-action relief.

Morgan Stanley

Amy R. Doberman  
*Managing Director*

Investment Management  
522 Fifth Avenue  
New York, NY 10036

tel 212 296 6990  
fax 646 202 9228

September 18, 2008

Robert E. Plaze, Esq.  
Associate Director  
Division of Investment Management  
U.S. Securities and Exchange Commission  
100 F Street, NE  
Washington, D.C. 20549

**Re: Request for No-Action Assurance under Section 17(a) of the Investment Company Act of 1940**

Dear Mr. Plaze:

I am writing on behalf the registered, open-end management investment companies listed on Appendix A hereto (each, a "Fund" and collectively, the "Funds") and Morgan Stanley & Co. Incorporated ("Purchaser"), an affiliate of each Fund's respective investment adviser, Morgan Stanley Investment Management Inc. or Morgan Stanley Investment Advisors Inc. (the "Advisers"). Morgan Stanley & Co. Incorporated and the Advisers are each wholly-owned subsidiaries of Morgan Stanley. We seek assurance from the staff of the Division of Investment Management (the "Division") that it will not recommend enforcement action to the Securities and Exchange Commission (the "Commission") under Section 17(a) of the Investment Company Act of 1940, as amended, or the rules thereunder (the "1940 Act"), if the Funds and Purchaser enter into the transactions described below.

Each Fund is registered with the Commission under the 1940 Act as an open-end management investment company or series thereof. Each Fund is a money market fund that seeks to maintain a stable net asset value per share of \$1.00 and uses the amortized cost method of valuation in valuing its portfolio securities. This request for relief relates to all of the Funds' portfolio securities as of September 18, 2008, each referred to herein as a "Security" and, collectively, as the "Securities." The Advisers have determined that each Security continues to constitute an "Eligible Security" as that term is defined in Rule 2a-7 under the 1940 Act.

Due to current market conditions, the Funds have been met with extraordinary shareholder redemptions related to recent events in the markets. We anticipate that redemption requests may accelerate in upcoming days. In order to meet such redemptions under current market conditions, the Funds would need to liquidate portfolio securities, such as the Securities, at disadvantageous market prices not reflecting their full value were they held to maturity. Accordingly, the Advisers believe, and based on information provided by the Advisers, each Fund's Board of Trustees has determined, that it would not be in the best interests of the Funds and their shareholders to dispose of the Securities in the market in a such a manner. However, subject to obtaining the no-action assurance requested in this letter, the Purchaser is prepared to purchase certain of the Securities from the Funds for cash at each Security's amortized cost (including accrued and unpaid interest) to the extent necessary to allow the Funds to pay redemption proceeds. The Securities to be purchased by the Purchaser from a Fund shall be determined by a Fund's Adviser depending on then-current market conditions and redemption needs. Such determinations shall be made consistent with each Adviser's fiduciary duty to the Funds, and in the best interests of Fund shareholders. Each Fund's Board of Trustees has authorized the proposed transactions as being in the best interests of each Fund and its shareholders.

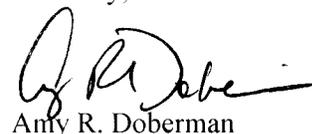
Each Adviser is an "affiliated person" of a Fund for which it serves as investment adviser under Section 2(a)(3) of the 1940 Act, and the Purchaser is an "affiliated person" of an "affiliated person" of each Fund. As a result, the purchase of the Securities by the Purchaser under the proposed arrangement falls within Section 17(a)(2) of the 1940 Act, which makes it unlawful for any affiliated person of a registered investment company, or any affiliated person of such person, acting as principal, to knowingly purchase any security or other property from the investment company. The proposed purchase of the Securities from a Fund would satisfy the requirements of Rule 17a-9 under the 1940 Act except that the Securities continue to constitute Eligible Securities.

The Trust and the Advisers believe that it would be in the best interest of each Fund's shareholders if the Purchaser is allowed to purchase the Securities from the Funds as described above. On behalf of the Trust, the Advisers and the Purchaser, we hereby request that the Division staff give its assurance that it will not recommend that the Commission take enforcement action against the Trust, the Advisers or the Purchaser under Section 17(a) of the 1940 Act, or the rules thereunder, if the Purchaser purchases the Securities from a Fund at their amortized cost (including accrued and unpaid interest).

Pursuant to 17 C.F.R. 200.81(b), we respectfully request on behalf of the Trust, the Advisers and the Purchaser that this request and the response be accorded confidential treatment until October 30, 2008 or such earlier date as the Division staff is advised that all of the information in this letter has been made public. This request for confidential treatment is made on behalf of the Trust, the Advisers and the Purchaser for the reason that certain of the facts set forth in the letter have not been made public and premature disclosure might adversely affect such parties.

If you have any questions or other communications concerning this matter, please call the undersigned at (212) 296-6990 or (917) 763-0578.

Sincerely,



Amy R. Doberman

**Schedule A**

Morgan Stanley Institutional Liquidity Funds

Prime Portfolio  
Money Market Portfolio  
Tax-Exempt Portfolio  
Government Portfolio  
Treasury Portfolio  
Treasury Securities Portfolio

Active Assets Tax-Free Trust

Active Assets California Tax-Free Trust

Morgan Stanley New York Municipal Money Market Trust

Active Assets Money Trust

Active Assets Government Securities Trust

Active Assets Institutional Money Trust

Active Assets Institutional Government Securities Trust

Morgan Stanley Liquid Asset Fund, Inc.

Morgan Stanley Select Dimensions Investment Series - Money Market Portfolio

Morgan Stanley Tax-Free Daily Income Trust

Morgan Stanley California Tax-Free Daily Income Trust

Morgan Stanley U.S. Government Money Market Trust

Morgan Stanley Variable Investment Series - Money Market Portfolio