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Morgan Stanley

November 29, 2010

Ms. Elizabeth M. Murphy
Secretary
Securities and Exchange Commission
100 F Street NE
Washington, DC 20549-1090

Re: Proposed Rule on Short-Term Borrowings Disclosure (File Number S7-22-10)

Dear Ms. Murphy:

Morgan Stanley appreciates the opportunity to respond to the request by the Securities and Exchange Commission (the "SEC") to comment on the Proposed Rule: *Short-Term Borrowings Disclosure* (the "Proposed Rule"). We support transparent disclosures of short-term borrowings and liquidity resources and have recently expanded our disclosures in this area. Accordingly, we support the key proposals of the Proposed Rule; however, we are concerned about being able to operationally comply with some aspects of the guidance. Specifically, we are concerned that the prescribed categories, disaggregation requirements, disclosure of the intra-day maximum borrowing and additional comparative data requirements may place an undue burden on companies to comply with the Proposed Rule without a corresponding increase in benefit to investors. For your convenience, we have restated the questions below.

Short-Term Borrowing Categories (Questions 2 and 3)

Questions:

1. *Consistent with the approach taken in Guide 3 and in former Rule 12-10 of Regulation S-X, we propose to define "short-term borrowings" by reference to the amounts payable for various categories of short-term obligations that are typically reflected as short-term obligations on the balance sheet and stated as separate line items in accordance with Regulation S-X. Is the proposed definition sufficiently clear? If not, what changes should be made to the proposed definition? For example, should the definition refer to "short-term obligations" as defined in U.S. GAAP? In connection with any response, please provide information as to the costs associated with the implementation of any changes to the proposed definition.*

2. *Are the proposed categories of short-term borrowings appropriate? If not, why not, and how should we change the proposed requirement? For example, should we apply different categories to Guide 3 companies as compared to other companies, as was the case when former Rule 12-10 of Regulation S-X was in effect? Are the proposed categories appropriately tailored so that companies can monitor and provide the proposed disclosure? In particular, is the category for “any other short-term borrowings reflected on the registrant’s balance sheet” too broad? If so, how should it be narrowed? Are there other categories of short-term borrowings that should be broken out? For example, should amounts relating to repurchase arrangements be disaggregated into those that are collateralized by U.S. Treasury securities and those that are collateralized by other assets? If so, please include in your discussion the reasons such information would be meaningful to investors and provide an indication of the costs and burdens associated with providing that level of detail.*

Response:

Regarding the scope of the Proposed Rule, we believe that it would be helpful to refer to the definition of “short-term obligations” as defined in ASC 210-10-20. For example, Rule 9-03 under Regulation S-X defines “securities sold under agreements to repurchase” (“repos”) as short-term borrowings. However, not all repos settle within one year. As the Proposed Rule is written, it may be confusing to companies as to whether to include all repos in this disclosure or just those with maturities of one year or less.

We also believe the SEC should require companies to disclose categories that are meaningful to their operations instead of prescribing four specific categories plus a catch-all “other” category. For example, it may be appropriate for certain financial companies to disclose their short-term securities loaned amounts separately. In addition, since companies do not generally track for operational or reporting purposes the categories “borrowings from banks” or “borrowings from factors or other financial institutions,” we are concerned that complying with this requirement will be costly. It will likely require manually reviewing each short-term borrowing that does not already fall under one of the other specific categories and then revising systems going forward to capture this information. However, our concern about the costs and the ability to operationally comply with this requirement would be lessened if an aggregation threshold were introduced. See further discussion below.

Aggregation of Categories (Question 5)

Question:

1. *We note that Guide 3 currently provides a quantitative threshold for separate disclosure of short-term borrowings by category. The proposed short-term borrowings provision does not contain a specific quantitative disclosure threshold for separate disclosure of amounts in the different categories of short-term borrowings. Should we establish a quantitative disclosure threshold for the separate categories of short-term borrowings, such as above a specified percentage of liabilities or*

stockholders' equity (e.g., 5, 10, 20, 30 or 40%)? If so, how should the threshold be computed? Should this quantitative disclosure threshold apply to all companies?

Response:

We believe companies should be allowed to aggregate categories up to a defined threshold such as the one that currently exists under Guide 3. This will allow meaningful information to be provided to financial statement users without increasing the compliance burden for preparers. For example, certain financial companies may have minimal short-term borrowings from banks, but companies would have to go through their records to determine the amount for disclosure. In addition, while the Proposed Rule currently allows for some aggregation through the provision of an "other" category, we do not believe that type of aggregation will be as beneficial to companies or as meaningful to investors as allowing aggregation of categories up to a defined threshold.

Maximum Intra-Day Borrowing (Question 10)

Question:

- 1. Should registrants be required to provide the largest amount of short-term borrowings outstanding at any time during the reporting period (meaning intra-day as opposed to close of business)? Would this amount be difficult for registrants to track?*

Response:

We do not support requiring disclosure of the maximum intra-day borrowing. We believe that the end-of-day borrowing is more appropriate to present as books have closed for the day and would reflect appropriate operational and settlement adjustments that only occur at the end of the day or as part of the closing process.

Comparative Data (Questions 19 and 20)

Questions:

- 1. Is the proposed disclosure for the current interim period sufficient, or should we also require comparative period data? If so, which comparative periods would be most useful? Explain how prior period comparisons would be useful to investors; for example, would prior period comparisons be needed to identify seasonality in borrowing levels? If so, instead of requiring comparative data, should we specifically require companies to qualitatively describe trends or seasonality in borrowing levels? Describe in detail the costs and benefits of providing comparative period disclosures in this context.*

2. *Should we require year-to-date information in addition to quarterly information for interim periods? Would year-to-date information be useful to investors? Describe in detail the costs and benefits of providing year-to-date information in this context.*

Response:

We believe the proposed disclosure for interim periods is sufficient. Comparative interim data would not be useful to investors since the main purpose of the enhanced disclosures is to provide investors with the ability to evaluate current period fluctuations in short-term borrowings. Additionally, requiring discussion of trends or seasonality in borrowing levels would not be useful to investors as borrowing levels are rarely seasonal for bank holding companies; discussion of trends or seasonality may only be applicable to companies with seasonal businesses.

We also do not believe that the SEC should require disclosure of interim year-to-date amounts since this information is generally already available to the investor through the quarterly disclosures and year-to-date information would be required in annual filings.

Again, we thank you for the opportunity to provide comments. Please contact me at 212-276-3019 or Frederick Barnfield at 212-276-3026 if you have any questions.

Sincerely,



Peggy Capomaggi
Managing Director
Global Accounting Standards and Control