

Morgan Stanley

December 8, 2009

Via E-Mail: rule-comments@sec.gov

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

Re: Securities and Exchange Commission Release No. 34-60974
File No. SR-NYSE-2009-111

Dear Ms. Murphy:

Morgan Stanley & Co. Incorporated (“Morgan Stanley”) appreciates the opportunity to comment on the above-referenced New York Stock Exchange LLC (“NYSE” or “Exchange”) proposed rule changes. The filing seeks to amend NYSE Rule 123C to modify the procedures for the NYSE closing process and make conforming changes to NYSE Rules 13 and 15 (the “Proposal”).

We note that Morgan Stanley has engaged in an ongoing dialogue with the NYSE over the past two years seeking to improve the overall functioning, efficiency and transparency of the NYSE closing process. We welcome the incremental progress that has been made with regard to transparency through the proposed implementation of closing offset orders and the calculation of far and near clearing prices. However, we are concerned that the new procedures do not address behavior which may take place around the close, and which increases uncertainty with respect to all market participants.

We strongly recommend the adoption of a final cutoff time for access to the official closing process that encourages early order placement and the complete, accurate, transparent dissemination of closing interest. Because of this, our primary concern with the Proposal is centered on activity that is permissible after 3:45 pm. The proposed rule set allows for the placement of orders with a very high degree of certainty of execution at the official closing price, including outsized MOC/LOC published imbalance offset orders and d-Quotes, after 3:45 pm. Because of this, we do not believe that 3:45 pm represents a *final* cutoff time for market participants to access liquidity in the official closing process.

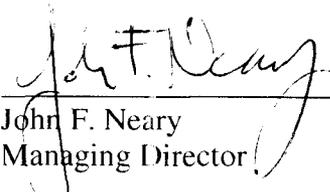
A secondary concern is centered on the calculation and dissemination of the real time closing imbalance feed. Again, because 3:45 pm is not a final cutoff time, the number of shares in the closing imbalance feed is not likely to represent an accurate projection of the imbalance at the close. In addition, any manual activity on the floor of the Exchange that is not entered into the NYSE Display Book prior to 4:00 pm would not be displayed in the real time closing imbalance feed, but may impact the closing price.

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Diverse constituencies with competing interests are directly impacted by the NYSE closing process every day. We believe that the Proposal serves a useful purpose by increasing the focus on this closing process and by attempting (but unfortunately not succeeding) to bring a measure of increased transparency to the closing process. The NYSE should address this problem by: (i) mandating a final and absolute cutoff time for participation in the official closing process; and (ii) instituting a more transparent and accurate calculation of the real time closing imbalance feed. Without these enhancements, we believe that the behavior of rational market participants will continue to be influenced by the increased uncertainty and lack of meaningful transparency around the official close. We believe the current rules and the Proposal will continue to drive rational behavior that adversely impacts the quality of closing price formation and increases the potential for unwarranted closing price volatility.

We welcome the opportunity to discuss these issues further.

Very truly yours,



John F. Neary
Managing Director

cc: Duncan L. Niederauer
Lawrence Leibowitz