UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

Securities Act of 1933
Release No. 9055 / July 20, 2009

Securities Exchange Act of 1934
Release No. 60343 / July 20, 2009

Administrative Proceeding
File No. 3-13558

In the Matter of
Morgan Stanley & Co. Incorporated,
Respondent.


Under the Order, the Commission found that Morgan Stanley willfully violated Sections 204 and 206(2) of the Investment Advisers Act of 1940 (“Advisers Act”), and Rules 204-2(a)(7) and 204-2(a)(10) thereunder by breaching its fiduciary duty to certain of the firm’s advisory clients and prospective advisory clients of its Nashville, Tennessee branch office by making material misstatements regarding the process used to identify

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money managers, failing reasonably to supervise the former Morgan Stanley Financial Adviser in its Nashville office who serviced these clients, and failing to maintain (1) all account paperwork reflecting Morgan Stanley’s written agreements with its advisory clients; and (2) all written communications relating to recommendations of money managers. In the Order, the Commission ordered that Morgan Stanley be censured, cease and desist from committing or causing any violations and any future violations of Sections 204 and 206(2) of the Advisers Act, and Rules 204-2(a)(7) and 204-2(a)(10) thereunder, and pay a civil money penalty of $500,000 to the United States Treasury.

The safe harbor provisions of Section 27A(c) of the Securities Act and Section 21E(c) of the Exchange Act are not available for any forward-looking statement that is “made with respect to the business or operations of the issuer, if the issuer . . . . during the 3-year period preceding the date on which the statement was first made . . . has been made the subject of a judicial or administrative decree or order arising out of a governmental action that (I) prohibits future violations of the antifraud provisions of the securities laws; (II) requires that the issuer cease and desist from violating the antifraud provisions of the securities laws; or (III) determines that the issuer violated the antifraud provisions of the securities laws[.]” Section 27A(b)(1)(A)(ii) of the Securities Act; Section 21E(b)(1)(A)(ii) of the Exchange Act. The disqualifications may be waived “to the extent otherwise specifically provided by rule, regulation, or order of the Commission.” Section 27A(b) of the Securities Act; Section 21E(b) of the Exchange Act.

Based on the representations set forth in Morgan Stanley’s June 17, 2009, request letter, the Commission has determined that, under the circumstances, the request for a waiver of the disqualifications resulting from the issuance of the Commission’s Order is appropriate and should be granted.

Accordingly, IT IS ORDERED, pursuant to Section 27A(b) of the Securities Act and Section 21E(b) of the Exchange Act, that a waiver from the disqualification provisions of Section 27A(b)(1)(A)(ii) of the Securities Act, and Section 21E(b)(1)(A)(ii) of the Exchange Act as to Morgan Stanley resulting from the Commission’s Order is hereby granted.

By the Commission.

Elizabeth M. Murphy
Secretary