

**UNITED STATES OF AMERICA**  
**Before the**  
**SECURITIES AND EXCHANGE COMMISSION**

**SECURITIES ACT OF 1933**  
**Release No. 9278 / November 16, 2011**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-14628**

**In the Matter of**

**MORGAN STANLEY  
INVESTMENT  
MANAGEMENT INC.,**

**Respondent.**

**ORDER UNDER RULE 602(e) OF THE  
SECURITIES ACT OF 1933 GRANTING A  
WAIVER OF THE RULE 602(c)(3)  
DISQUALIFICATION PROVISION**

**I.**

Morgan Stanley Investment Management Inc. (“MSIM” or “Respondent”) has submitted a letter, dated October 20, 2011, requesting a waiver of the Rule 602(c)(3) disqualification from the exemption from registration under Regulation E arising from MSIM’s settlement of an administrative proceeding commenced by the Commission.

**II.**

On November 16, 2011, pursuant to Respondent’s Offer of Settlement, the Commission issued an Order Instituting Administrative and Cease-and-Desist Proceedings Pursuant to Sections 203(e) and 203(k) of the Investment Advisers Act of 1940, and Sections 9(b) and 9(f) of the Investment Company Act of 1940, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order (“Order”) against MSIM. Under the Order, the Commission found that MSIM, the primary investment adviser to The Malaysia Fund, Inc. (“Fund”), represented to investors and the Fund’s board of directors (“Board”) that the Fund’s Malaysian sub-adviser was providing certain services that the sub-adviser in fact was not providing. MSIM also did not adopt and implement procedures governing its oversight of the Fund’s Malaysian sub-adviser and its provision of information regarding the sub-adviser’s services to the Board in connection with the investment advisory contract renewal process. Accordingly, the Commission found that MSIM willfully violated Sections 15(c) and 34(b) of the Investment Company Act, and Sections 206(2) and 206(4) of the Advisers Act and Rule 206(4)-7 thereunder. In the Order, the Commission

ordered MSIM to cease and desist from committing or causing any violations and any future violations of Sections 15(c) and 34(b) of the Investment Company Act, and Sections 206(2) and 206(4) of the Advisers Act and Rule 206(4)-7 thereunder, ordered MSIM censured, and ordered MSIM to pay a civil money penalty in the amount of \$1,500,000 and to comply with undertakings.

### III.

The Regulation E exemption is unavailable for the securities of small business investment company issuers or business development company issuers if any investment adviser or underwriter for the securities to be offered is subject to an order of the Commission entered pursuant to Section 203(e) of the Advisers Act. Rule 602(e) under the Securities Act of 1933 (“Securities Act”) provides, however, that the disqualification “shall not apply . . . if the Commission determines, upon a showing of good cause, that it is not necessary under the circumstances that the exemption be denied.” 17 C.F.R. § 230.602(e).

### IV.

Based upon the representations set forth in MSIM’s request, the Commission has determined that pursuant to Rule 602(e) under the Securities Act a showing of good cause has been made that it is not necessary under the circumstances that the exemption be denied as a result of the Order.

Accordingly, **IT IS ORDERED**, pursuant to Rule 602(e) under the Securities Act, that a waiver from the application of the disqualification provision of Rule 602(c)(3) under the Securities Act resulting from the entry of the Order is hereby granted.

By the Commission.

Elizabeth M. Murphy  
Secretary