

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

**SECURITIES ACT OF 1933**  
**Release No. 9618 / July 24, 2014**

**SECURITIES EXCHANGE ACT OF 1934**  
**Release No. 72670 / July 24, 2014**

**ADMINISTRATIVE PROCEEDING**  
**Release No. 3-15982**

**In the Matter of**

**MORGAN STANLEY AND CO. LLC;  
MORGAN STANLEY ABS CAPITAL I INC.; and  
MORGAN STANLEY MORTGAGE CAPITAL  
HOLDINGS LLC**

**Respondents.**

**ORDER UNDER SECTION 27A(b) OF  
THE SECURITIES ACT OF 1933 AND  
SECTION 21E(b) OF THE  
SECURITIES EXCHANGE ACT OF  
1934, GRANTING WAIVERS OF THE  
DISQUALIFICATION PROVISIONS  
OF SECTION 27A(b)(1)(a)(ii) OF THE  
SECURITIES ACT OF 1933 AND  
SECTION 21E(b)(1)(A)(ii) OF THE  
SECURITIES EXCHANGE ACT OF  
1934**

Morgan Stanley and Co. LLC, Morgan Stanley ABS Capital I, Inc., Morgan Stanley Mortgage Capital Holdings LLC (collectively “Morgan Stanley”) have submitted a letter on behalf of themselves and their affiliates, dated May 2, 2014, for a waiver of the disqualification provisions of Section 27A(b)(1)(A)(ii) of the Securities Act of 1933 (the “Securities Act”) and Section 21E(b)(1)(A)(ii) of the Securities Exchange Act of 1934 (the “Exchange Act”) arising from their settlement of cease-and-desist proceedings brought by the Commission.

On July 24, 2014, the Commission instituted cease-and-desist proceedings against Morgan Stanley. In the Order Instituting Proceedings (the “Order”), the Commission found that Morgan Stanley made misleading disclosures regarding the number of current and/or historical loan delinquencies in two subprime residential mortgage-backed securities transactions that Morgan Stanley sponsored, issued, and underwrote in 2007. Based on these allegations, the Commission concluded that Morgan Stanley violated Sections 17(a)(2) and 17(a)(3) of the Securities Act. Without admitting or denying the findings, Morgan Stanley consented to the entry of the Order requiring them to, among other things, cease and desist from committing or causing any violations and any future violations of Sections 17(a)(2) and (3) of the Securities Act.

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 an 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 government action that ... (II) requires that the issuer cease and desist from violating the antifraud provisions of the securities laws....” Section 27A(b)(1)(A)(ii) of the Securities Act and 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 and Section 21E(b) of the Exchange Act.

Based on the representations set forth in Morgan Stanley’s 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 instituting proceedings 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 and Co. LLC, Morgan Stanley ABS Capital I, Inc., Morgan Stanley Mortgage Capital Holdings LLC and their present and future affiliates resulting from the entry of the Order is hereby granted.

By the Commission.

Jill M. Peterson  
Assistant Secretary