



STOCK EXCHANGE			
Regulatory Information Circular			
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Subject: Morgan Stanley Capital Protected Bear Notes

Information on the Notes

ISE today began trading Morgan Stanley Capital Protected Bear Notes Based on the decline in the value of the Philadelphia Stock Exchange Housing Sector Index. These notes are priced at \$10 with a maturity date of August 30, 2010.

As more fully set forth in the Issuer’s Registration Statement (#333-117752), and Prospectus Supplement, unlike ordinary debt securities, the notes do not pay interest. Instead, the notes will pay at maturity the principal amount of \$10, plus a supplemental redemption amount, if any, based on the decline, if any, in the closing value of the PHLX Housing Sector Index, as determined on three specified determination dates over the term of the notes, as described in this pricing supplement. In no event, however, will the payment at maturity be less than the principal amount of \$10.

At maturity, holders will receive the principal amount of \$10 per note plus a supplemental redemption amount, if any, equal to \$10 times the percentage, if any, by which the final average index value is less than the initial index value. Holders will only receive a supplemental redemption amount if the final average index value is less than the initial index value. The final average index value will equal the arithmetic average of the closing values of the PHLX Housing Sector Index on August 30, 2008, August 30, 2009, and August 26, 2010, which are referred to as determination dates. If the final average index value of the PHLX Housing Sector Index is greater than or equal to the initial index value, holders will receive only the principal amount of \$10 and will not receive any supplemental redemption amount.

Investing in the notes is not equivalent to investing in or taking a short position with respect to the PHLX Housing Sector Index or its component stocks

As an investor in the notes, holders will not have voting rights or the right to receive dividends or other distributions or any other rights with respect to the stocks that underlie the PHLX Housing Sector Index.

It is expected that the market value of the HPB will depend substantially on the value of the PHLX Housing Sector Index and be affected by a number of other interrelated factors including, among other things: the value of the PHLX Housing Sector Index at any time and on specific determination dates, the volatility (frequency and magnitude of

changes in value) of the PHLX Housing Sector Index, interest and yield rates in the market, geopolitical conditions and economic, financial, political and regulatory or judicial events that affect the securities underlying the PHLX Housing Sector Index or stock markets generally and that may affect the final average index value, and the creditworthiness of the issuer.

Information regarding taxation can be found in the prospectus and prospectus supplement.

The trustee for HPB is JP Morgan Chase Bank.

Trading in the shares on ISE is on a UTP basis and is subject to ISE equity trading rules. The shares will trade from 9:00 a.m. until 4:00 p.m. Eastern Time. Equity Electronic Access Members ("Equity EAMs") trading the shares during the Pre-Market Session are exposed to the risk of the lack of the calculation or dissemination of underlying index value or intraday indicative value ("IIV"). For certain derivative securities products, an updated underlying index value or IIV may not be calculated or publicly disseminated in the Pre-Market hours. Since the underlying index value and IIV are not calculated or widely disseminated during Pre-Market hours, an investor who is unable to calculate implied values for certain derivative securities products during Pre-Market hours may be at a disadvantage to market professionals.

Equity EAMs also should review NASD Notice to Members 03-71 for guidance on trading these products. The Notice reminds members of their obligations to: (1) conduct adequate due diligence to understand the features of the product; (2) perform a reasonable-basis suitability analysis; (3) perform customer-specific suitability analysis in connection with any recommended transactions; (4) provide a balanced disclosure of both the risks and rewards associated with the particular product, especially when selling to retail investors; (5) implement appropriate internal controls; and (6) train registered persons regarding the features, risk and suitability of these products.

This Regulatory Information Circular is not a statutory Prospectus. Equity EAMs should consult the Trust's Registration Statement, SAI, Prospectus and the Fund's website for relevant information.

Appendix A
Exchange-Traded Fund Symbol CUSIP Number

Ticker	Fund Name	CUSIP Number
HPB	Morgan Stanley Capital Protected Bear Notes Based on the decline in the value of the Philadelphia Stock Exchange Housing Sector Index	61746Y155