



## Information Circular: Market Participation Securities

**To:** Head Traders, Technical Contacts, Compliance Officers, Head of ETF Trading, Structured Products Traders

**From:** William Slattery, Director, NASDAQ Listing Qualifications Department

**DATE:** February 27, 2007

The NASDAQ Stock Market LLC ("NASDAQ") began operating as a national securities exchange for trading non-NASDAQ listed securities on February 12, 2007. As a result, certain Morgan Stanley Market Participation Series securities ("MPS") that have previously traded through our systems on an over-the-counter basis are being traded by NASDAQ as an exchange on an unlisted trading privileges (UTP) basis for the first time. See Appendix A for a listing of select MPS securities that commenced trading on NASDAQ on a UTP basis on February 12, 2007.

Appendix A contains links to information circulars regarding the MPS prepared by their listing market, The American Stock Exchange. NASDAQ members should consult these information circulars, which contain important information about the characteristics of the MPS securities and the principal risks of an investment in the MPS.

Trading in the MPS on NASDAQ is subject to [NASDAQ equity trading rules](#). The MPS will trade from 7:00 a.m. until 8:00 p.m. The NASDAQ short sale rule (Rule 3350) applies to trading in the MPS.

Trading of MPS on NASDAQ is subject to the provisions of [NASDAQ Rule 2310](#). Members recommending transactions in MPS to customers should make a determination that the recommendation is suitable for the customer. In addition, members must possess sufficient information to satisfy the "know your customer" obligation that is embedded in the NASDAQ Conduct Rules.

Members 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 Information Circular is not a statutory prospectus. NASDAQ members should consult the registration statement or prospectus for the MPS for additional information.**

Inquiries regarding this Information Circular should be directed to:

- Will Slattery, Director, NASDAQ Listing Qualifications, at 301.978.8088
- NASDAQ Office of General Counsel at 301.978.8400
- NASDAQ Market Sales at 800.846.0477

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## Appendix A – MPS

**Index-Linked Notes      Symbol CUSIP Number**

MPS linked to the    DMJ 61744Y173  
<http://www.amex.com/amextrader/dailylist/data/relFiles/dmj.pdf>  
Dow Jones

Industrial Average,  
due December 12, 2009

MPS linked to the MRP 61744Y231  
<http://www.amex.com/amextrader/dailylist/data/relFiles/mrp.pdf>  
S&P 500 Index,  
due December 30, 2008

MPS linked to the MSU 61744Y165  
<http://www.amex.com/amextrader/dailylist/data/relFiles/msu.pdf>  
Russell 2000 Index,  
due February 1, 2010