



## Information Circular: Morgan Stanley Stock Participation Accreting Quarterly-pay Securities

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

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

**DATE:** March 27, 2007

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Equity-Linked Notes	Symbol	CUSIP Number
Morgan Stanley 8% Stock Participation Accreting Redemption Quarterly-pay Securities Linked to Archer-Daniels-Midland Company Common Stock	AMA	61750V477

Morgan Stanley has issued 8% Stock Participation Accreting Redemption Quarterly-pay Securities ("SPARQS") linked to Archer-Daniels-Midland Company. The new securities were issued at a price of \$35.63 per unit with a maturity date of April 20, 2008. The SPARQS will pay 8% coupon per annum, payable quarterly beginning July 20, 2007. AMA began trading on NASDAQ on an Unlisted Trading Privileges basis on March 26, 2007

If not previously called by Morgan Stanley, investors will receive 1.0 share of Archer-Daniels-Midland Company Common Stock per SPARQS at maturity. SPARQS are not principal protected and Archer-Daniels-Midland Company is not involved in the offering of SPARQS in any way and will have no obligation with respect to the SPARQS.

Beginning October 20, 2007, Morgan Stanley may call all of the SPARQS for a cash call price that, together with coupons paid from the Issue Date through the Call Date, gives the Yield to Call of 17% of the Issue Price.

All payments which may be due to investors in SPARQS are the sole responsibility of the Issuer; it is the credit of Morgan Stanley and not Archer-Daniels-Midland Company that stands behind the securities. Investors in SPARQS will not be entitled to any rights with respect to Archer-Daniels-Midland Company until such time as Morgan Stanley shall deliver Archer-Daniels-Midland Company shares to investors in the SPARQS at maturity.

There can be no assurances as to how the SPARQS will trade in the secondary market or whether such market will be liquid or illiquid. Securities with characteristics similar to the SPARQS are unique securities.

The Trustee for this security is Bank of New York.

Trading in SPARQS on NASDAQ is subject to [NASDAQ equity trading rules](#). The SPARQS product will trade from 7:00 a.m. until 8:00 p.m. The SEC short sale rule (SEC Rule 10a-1) applies to trading in the SPARQS products.

Trading of SPARQS on NASDAQ is subject to the provisions of [NASDAQ Rule 2310](#). Members recommending transactions in SPARQS 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 SPARQS product for additional information.**

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Inquiries regarding this Information Circular should be directed to:

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- NASDAQ Market Sales at 800.846.0477