

Morgan Stanley

Morgan Stanley & Co. Incorporated
1585 Broadway
New York, NY 10036

SEC-Required Report on Routing of Customer Orders For Quarter Ending March 31, 2011

The Securities and Exchange Commission ("SEC" or "Commission") Rule 606 (the "Rule") requires all brokerage firms to make publicly available quarterly reports that present a general overview of the Firm's routing of non-directed customer orders in covered equity and option securities. Non-directed orders are orders that customers have not specifically instructed to be routed to a specific destination. For these non-directed orders, Morgan Stanley & Co. Incorporated ("Morgan Stanley") has selected the execution venue on behalf of its customers. In addition, Morgan Stanley must identify the significant venues to which it routed customer orders for execution during the applicable quarter. To obtain information about the rule, you may access the following web site addresses: <http://www.sec.gov/rules/final/34-43590.htm> and <http://www.sec.gov/interp/legal/mrslb13a.htm>.

The report is divided into four sections: one for securities listed on the New York Stock Exchange and reported as a Network A eligible security; one for securities listed on The Nasdaq Stock Market; one for securities listed on the American Stock Exchange or regional exchanges and reported as a Network B eligible security; and one for exchange-listed options. For each section, this report identifies the venues most often selected by Morgan Stanley, sets forth the percentage of various types of orders routed to the venues, and discusses the material aspects, if any, of Morgan Stanley's relationship with the venues. In addition, at the end of the report, there is a General Disclosure section that provides additional information relevant to Morgan Stanley's order routing and handling practices.

Securities Listed on New York Stock Exchange/Network A Eligible Security

Summary Statistics:

Non-directed orders as percentage of total customer orders	9%
Market orders as percentage of total non-directed orders	3%
Limit orders as percentage of total non-directed orders	1%
Other orders as percentage of total non-directed orders	96%

Venues Receiving Significant Percentage of Total Non-Directed Orders:

New York Stock Exchange (NYSE)	28%
ARCA	18%
NASDAQ	18%
MSCO	15%
BATS	13%

Information Concerning Significant Venues:

1. NYSE

Types of Orders Routed to Venue:

Market orders as percentage of total market orders	5%
Limit orders as percentage of total limit orders	5%
Other orders as percentage of total other orders	29%

2. ARCA

Types of Orders Routed to Venue:

Market orders as percentage of total market orders	0%
Limit orders as percentage of total limit orders	17%
Other orders as percentage of total other orders	19%

3. NASDAQ

Types of Orders Routed to Venue:

Market orders as percentage of total market orders	0%
Limit orders as percentage of total limit orders	11%
Other orders as percentage of total other orders	18%

4. MSCO

Types of Orders Routed to Venue:

Market orders as percentage of total market orders	33%
Limit orders as percentage of total limit orders	47%
Other orders as percentage of total other orders	14%

Morgan Stanley executes large amounts of both institutional and retail order flow. Morgan Stanley utilizes various automated systems for its OTC market making, including, but not limited to, “automatic execution” capabilities. These automated systems and the interaction between these two sources of order flow, provide considerable opportunities for liquidity, quick turnaround and access to a broad array of market centers. Morgan Stanley may internalize customer order flow to allow the customer to benefit from this pool of liquidity and to offer this order flow improved opportunities for price improvement. Such internalization may enable Morgan Stanley to share in the profits, if any, generated by this activity.

5. BATS

Types of Orders Routed to Venue:

Market orders as percentage of total market orders	0%
Limit orders as percentage of total limit orders	12%
Other orders as percentage of total other orders	13%

Morgan Stanley maintains an ownership interest in BATS Trading, which stands to appreciate as a result of any profits BATS Trading generates from the execution of orders.

Securities Listed On The NASDAQ Stock Market

Summary Statistics:

Non-directed orders as percentage of total customer orders	4%
Market orders as percentage of total non-directed orders	4%
Limit orders as percentage of total non-directed orders	1%
Other orders as percentage of total non-directed orders	95%

Venues Receiving Significant Percentage of Total Non-Directed Orders:

NASDAQ	41%
ARCA	20%
BATS	17%
MSCO	8%
EDGX	6%

Information Concerning Significant Venues:

1. NASDAQ

Types of Orders Routed to Venue:

Market orders as percentage of total market orders	5%
Limit orders as percentage of total limit orders	23%
Others orders as percentage of total other orders	43%

2. ARCA

Types of Orders Routed to Venue:

Market orders as percentage of total market orders	0%
Limit orders as percentage of total limit orders	8%
Other orders as percentage of total other orders	21%

3. BATS

Types of Orders Routed to Venue:

Market orders as percentage of total market orders	0%
Limit orders as percentage of total limit orders	7%
Other orders as percentage of total other orders	18%

Morgan Stanley maintains an ownership interest in BATS Trading, which stands to appreciate as a result of any profits BATS Trading generates from the execution of orders.

4. MSCO

Types of Orders Routed to Venue:

Market orders as percentage of total market orders	41%
Limit orders as percentage of total limit orders	47%
Other orders as percentage of total other orders	6%

Morgan Stanley executes large amounts of both institutional and retail order flow. Morgan Stanley utilizes various automated systems for its OTC market making, including, but not limited to, “automatic execution” capabilities. These automated systems and the interaction between these two sources of order flow, provide considerable opportunities for liquidity, quick turnaround and access to a broad array of market centers. Morgan Stanley may internalize customer order flow to allow the customer to benefit from this pool of liquidity and to offer this order flow improved opportunities for price improvement. Such internalization may enable Morgan Stanley to share in the profits, if any, generated by this activity.

5. EDGX

Types of Orders Routed to Venue:

Market orders as percentage of total market orders	0%
Limit orders as percentage of total limit orders	0%
Other orders as percentage of total other orders	6%

Securities Listed on American Stock Exchange or Regional Exchanges/Network B Eligible Security

Summary Statistics:

Non-directed orders as percentage of total customer orders	1%
Market orders as percentage of total non-directed orders	17%
Limit orders as percentage of total non-directed orders	4%
Other orders as percentage of total non-directed orders	79%

Venues Receiving Significant Percentage of Total Non-Directed Orders:

MSCO	22%
ARCA	19%
BATS	17%
NASDAQ	12%
AMEX	8%
CDRG	5%
EDGX	5%
BYXX	3%

Information Concerning Significant Venues:

1. MSCO

Types of Orders Routed to Venue:

Market orders as percentage of total market orders	61%
Limit orders as percentage of total limit orders	49%
Other orders as a percentage of total other orders	13%

Morgan Stanley executes large amounts of both institutional and retail order flow. Morgan Stanley utilizes various automated systems for its OTC market making, including, but not limited to, “automatic execution” capabilities. These automated systems and the interaction between these two sources of order flow, provide considerable opportunities for liquidity, quick turnaround and access to a broad array of market centers. Morgan Stanley may internalize customer order flow to allow the customer to benefit from this pool of liquidity and to offer this order flow improved opportunities for price improvement. Such internalization may enable Morgan Stanley to share in the profits, if any, generated by this activity.

2. ARCA

Types of Orders Routed to Venue:

Market orders as percentage of total market orders	5%
Limit orders as percentage of total limit orders	16%
Other orders as percentage of total other orders	23%

3. BATS

Types of Orders Routed to Venue:

Market orders as percentage of total market orders	0%
Limit orders as percentage of total limit orders	8%
Other orders as percentage of total other orders	21%

Morgan Stanley maintains an ownership interest in BATS Trading, which stands to appreciate as a result of any profits BATS Trading generates from the execution of orders.

4. NASDAQ

Types of Orders Routed to Venue:

Market orders as percentage of total market orders	0%
Limit orders as percentage of total limit orders	8%
Other orders as a percentage of total other orders	15%

5. AMEX

Types of Orders Routed to Venue:

Market orders as percentage of total market orders	1%
Limit orders as percentage of total limit orders	2%
Other orders as a percentage of total other orders	9%

6. CDRG

Types of Orders Routed to Venue:

Market orders as percentage of total market orders	28%
Limit orders as percentage of total limit orders	15%
Other orders as a percentage of total other orders	0%

7. EDGX

Types of Orders Routed to Venue:

Market orders as percentage of total market orders	0%
Limit orders as percentage of total limit orders	0%
Other orders as a percentage of total other orders	7%

8. BYXX

Types of Orders Routed to Venue:

Market orders as percentage of total market orders	0%
Limit orders as percentage of total limit orders	0%
Other orders as a percentage of total other orders	3%

The BYX Exchange is owned by BATS Trading. Morgan Stanley maintains an ownership interest in BATS Trading, which stands to appreciate as a result of any profits BATS Trading generates from the execution of orders.

Exchange-Listed Options

Summary Statistics:

Non-directed orders as percentage of total customer orders	39%
Market orders as percentage of total non-directed orders	13%
Limit orders as percentage of total non-directed orders	45%
Other orders as percentage of total non-directed orders	41%

Venues Receiving Significant Percentage of Total Non-Directed Orders:

ISE	76%
PHLX	11%
CBOE	5%

Information Concerning Significant Venues:

1. ISE

Types of Orders Routed to Venue:

Market orders as percentage of total market orders	57%
Limit orders as percentage of total limit orders	68%
Other orders as percentage of total other orders	90%

Morgan Stanley is a Primary Market Maker in 1 bin and a Competitive Market Maker in 9 bins on the ISE. Morgan Stanley has an indirect ownership interest in the ISE, which stands to appreciate as a result of any profits the ISE generates from the execution of customer orders.

2. PHLX

Types of Orders Routed to Venue:

Market orders as percentage of total market orders	12%
Limit orders as percentage of total limit orders	19%
Other orders as percentage of total other orders	3%

Morgan Stanley maintains an ownership interest in the Philadelphia Stock Exchange (PHLX), which stands to appreciate as a result of any profits PHLX generates from the execution of orders.

3. CBOE

Types of Orders Routed to Venue:

Market orders as percentage of total market orders	16%
Limit orders as percentage of total limit orders	3%
Other orders as percentage of total other orders	3%

General Disclosures

Equities Payment for Order Flow

Morgan Stanley routes customer equity orders to national securities exchanges, alternative trading systems (ATSs), including electronic communications networks (ECNs), and other market centers. Certain market centers offer cash credits for orders that provide liquidity to their books and charge explicit fees for orders that extract liquidity from their books. From time to time, the amount of credits that Morgan Stanley receives from one or more such market centers may exceed the amount that Morgan Stanley is charged. Such payments constitute payment for order flow.

Options Payment for Order Flow and Preferencing Arrangements

Morgan Stanley participates in Exchange-sponsored listed options payment for order flow programs and accepts payment for order flow for certain listed options orders. In the course of providing liquidity, Morgan Stanley may preference certain options orders to the Firm's options market maker for execution.

Ownership Interests

In addition to the ownership interests disclosed in the prior sections, Morgan Stanley or certain affiliates also hold minority stakes in other market centers which stand to appreciate as a result of any profits generated from the execution of customer orders.

Disclaimer

The information and data provided herein (the "Reports") are the property of Morgan Stanley & Co. Incorporated ("Morgan Stanley") and cannot be redistributed in any form or manner without the prior written consent of Morgan Stanley & Co. Incorporated.

Morgan Stanley has prepared the Reports solely for informational purposes and consistent with Rules 605 and 606 (formerly Rules 11Ac1-5 and 11Ac1-6) under Regulation NMS (the "Disclosure Rules"). The information provided in the Reports is not intended to, and does not, encompass all the factors to be considered in a best execution analysis and related order routing determinations.

The disclosures required by Rule 605 do not encompass all of the factors that may be important to investors in evaluating the order routing services of a broker-dealer. In addition, any particular market center's statistics will encompass varying types of orders routed by different broker-dealers on behalf of customers with a wide range of objectives. Accordingly, the statistical information required by Rule 605 alone does not create a reliable basis to address whether any particular broker-dealer obtained the most favorable terms reasonably available under the circumstances for customer orders.

To provide a more complete explanation of Morgan Stanley's performance as a market center and order router, the Reports may contain information that supplements the information required by the Disclosure Rules.

Morgan Stanley does not represent, warrant, or guarantee that the Reports are accurate. Morgan Stanley disclaims liability for any direct, indirect, punitive, special, consequential, or incidental damages related to the Reports or the use of the Reports. The information provided in the Reports may be impacted by market data system outages or errors, both internal and external, and it is dependent upon the integrity and accuracy of data provided by outside sources. Certain assumptions have been made in preparing the Reports, and changes to the assumptions may have a material impact on results. The Reports do not endorse or recommend any particular security or market participant.

This disclaimer applies to the Reports in their entirety, irrespective of whether the Reports are used or viewed in whole or in part, and may be reviewed at any time by accessing the "Disclaimer" posted on the web page where the Reports are made available.