

Morgan Stanley

Morgan Stanley & Co. LLC

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SEC-Required Report on Routing of Customer Orders For Quarter Ending March 31, 2012

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. LLC ("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	6%
Market orders as percentage of total non-directed orders	6%
Limit orders as percentage of total non-directed orders	2%
Other orders as percentage of total non-directed orders	92%

Venues Receiving Significant Percentage of Total Non-Directed Orders:

New York Stock Exchange (NYSE)	23%
NASDAQ	18%
BATS	15%
ARCA	13%
EDGX	13%
MSCO	9%

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	3%
Other orders as percentage of total other orders	24%

2. NASDAQ

Types of Orders Routed to Venue:

Market orders as percentage of total market orders	0%
Limit orders as percentage of total limit orders	2%
Other orders as percentage of total other orders	20%

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	2%
Other orders as percentage of total other orders	16%

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

4. ARCA

Types of Orders Routed to Venue:

Market orders as percentage of total market orders	0%
Limit orders as percentage of total limit orders	2%
Other orders as percentage of total other orders	14%

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	14%

6. MSCO

Types of Orders Routed to Venue:

Market orders as percentage of total market orders	18%
Limit orders as percentage of total limit orders	73%
Other orders as percentage of total other orders	7%

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.

Securities Listed On The NASDAQ Stock Market

Summary Statistics:

Non-directed orders as percentage of total customer orders	5%
Market orders as percentage of total non-directed orders	5%
Limit orders as percentage of total non-directed orders	2%
Other orders as percentage of total non-directed orders	94%

Venues Receiving Significant Percentage of Total Non-Directed Orders:

NASDAQ	32%
MSCO	17%
BATS	15%
EDGX	14%
ARCA	13%

Information Concerning Significant Venues:

1. NASDAQ

Types of Orders Routed to Venue:

Market orders as percentage of total market orders	4%
Limit orders as percentage of total limit orders	6%
Others orders as percentage of total other orders	34%

2. MSCO

Types of Orders Routed to Venue:

Market orders as percentage of total market orders	21%
Limit orders as percentage of total limit orders	75%
Other orders as percentage of total other orders	16%

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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.

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	3%
Other orders as percentage of total other orders	16%

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

4. 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	15%

5. ARCA

Types of Orders Routed to Venue:

Market orders as percentage of total market orders	0%
Limit orders as percentage of total limit orders	2%
Other orders as percentage of total other orders	14%

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	47%
Limit orders as percentage of total non-directed orders	5%
Other orders as percentage of total non-directed orders	48%

Venues Receiving Significant Percentage of Total Non-Directed Orders:

MSCO	25%
SOHO	23%
ARCA	11%
ETMM	9%
CDRG	8%
NASDAQ	5%
BATS	5%
EDGX	4%
AMEX	4%

Information Concerning Significant Venues:

1. MSCO

Types of Orders Routed to Venue:

Market orders as percentage of total market orders	10%
Limit orders as percentage of total limit orders	66%
Other orders as a percentage of total other orders	36%

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. SOHO

Types of Orders Routed to Venue:

Market orders as percentage of total market orders	48%
Limit orders as percentage of total limit orders	10%
Other orders as percentage of total other orders	0%

3. ARCA

Types of Orders Routed to Venue:

Market orders as percentage of total market orders	4%
Limit orders as percentage of total limit orders	7%
Other orders as a percentage of total other orders	17%

4. ETMM

Types of Orders Routed to Venue:

Market orders as percentage of total market orders	19%
Limit orders as percentage of total limit orders	4%
Other orders as a percentage of total other orders	0%

5. CDRG

Types of Orders Routed to Venue:

Market orders as percentage of total market orders	17%
Limit orders as percentage of total limit orders	4%
Other orders as a percentage of total other orders	0%

6. NASDAQ

Types of Orders Routed to Venue:

Market orders as percentage of total market orders	0%
Limit orders as percentage of total limit orders	3%
Other orders as a percentage of total other orders	11%

7. BATS

Types of Orders Routed to Venue:

Market orders as percentage of total market orders	0%
Limit orders as percentage of total limit orders	5%
Other orders as percentage of total other orders	10%

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

8. 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	8%

9. AMEX

Types of Orders Routed to Venue:

Market orders as percentage of total market orders	0%
Limit orders as percentage of total limit orders	1%
Other orders as a percentage of total other orders	7%

Exchange-Listed Options

Summary Statistics:

Non-directed orders as percentage of total customer orders	97%
Market orders as percentage of total non-directed orders	11%
Limit orders as percentage of total non-directed orders	70%
Other orders as percentage of total non-directed orders	19%

Venues Receiving Significant Percentage of Total Non-Directed Orders:

ISE	37%
PHLX	17%
NASDAQ	17%
CBOE	11%
AMEX	9%
ARCA	8%

Information Concerning Significant Venues:

1. ISE

Types of Orders Routed to Venue:

Market orders as percentage of total market orders	20%
Limit orders as percentage of total limit orders	28%
Other orders as percentage of total other orders	80%

Morgan Stanley is a Primary Market Maker in 2 bins and Competitive Market Maker on the ISE and may realize profits from these securities.

2. PHLX

Types of Orders Routed to Venue:

Market orders as percentage of total market orders	11%
Limit orders as percentage of total limit orders	21%
Other orders as percentage of total other orders	6%

3. NASDAQ

Types of Orders Routed to Venue:

Market orders as percentage of total market orders	1%
Limit orders as percentage of total limit orders	23%
Other orders as percentage of total other orders	4%

4. CBOE

Types of Orders Routed to Venue:

Market orders as percentage of total market orders	32%
Limit orders as percentage of total limit orders	10%
Other orders as percentage of total other orders	3%

5. AMEX

Types of Orders Routed to Venue:

Market orders as percentage of total market orders	27%
Limit orders as percentage of total limit orders	8%
Other orders as percentage of total other orders	3%

6. ARCA

Types of Orders Routed to Venue:

Market orders as percentage of total market orders	3%
Limit orders as percentage of total limit orders	9%
Other orders as percentage of total other orders	4%

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, or third party market makers 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.

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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.

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