Report of Organizational Actions Affecting Basis of Securities

Part I Reporting Issuer

1. Issuer’s name
Morgan Stanley Emerging Markets Domestic Debt Fund, Inc.

2. Issuer’s employer identification number (EIN)
20-8359088

3. Name of contact for additional information
Michael Conklin

4. Telephone No. of contact
312-706-4706

5. Email address of contact
msioptex.req@morganstanley.com

6. Number and street (or P.O. box if mail is not delivered to street address) of contact
c/o Morgan Stanley Tax, 440 S. LaSalle Street, 39th Floor

7. City, town, or post office, state, and zip code of contact
Chicago, IL, 60605

8. Date of action

9. Classification and description
COMMON STOCK DIVIDENDS

10. CUSIP number
617477104

11. Serial number(s)
N/A

12. Ticker symbol
EDD / XEDOX

13. Account number(s)
N/A

Part II Organizational Action

14. Describe the organizational action and, if applicable, the date of the action or the date against which shareholders’ ownership is measured for the action. The Issuer paid quarterly distributions to common stock shareholders during fiscal year ending October 31, 2014.

All or part of such distributions constitute a non-taxable return of capital.

15. Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis.
The quantitative effect of the distributions reported as a return of capital on a per share basis are set forth in the table below:

Record Date | Payment Date | Total Dividend | Return of Capital
--- | --- | --- | ---
3/3/2014 | 4/15/2014 | 0.250000 | 0.216340
3/30/2014 | 7/15/2014 | 0.250000 | 0.216340
9/30/2014 | 10/15/2014 | 0.250000 | 0.216340

16. Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates. Issuer’s current and accumulated earnings were compared to distributions paid during the fiscal year ended October 31, 2014. The non-taxable return of capital represents the amount of distributions paid during the taxable fiscal year ended October 31, 2014 in excess of issuer’s current and accumulated earnings and profits under IRC Section 316.
Part II  Organizational Action (continued)

17  List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based.  
Table: Internal Revenue Code 
Section 391(c)(2) and Section 316

18  Can any resulting loss be recognized?  
   Yes  No  □  Not applicable.

19  Provide any other information necessary to implement the adjustment, such as the reportable tax year.  
The reportable year is fiscal year ending October 31, 2014

Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Signature  Michael Conklin  Date  7/13/15

Print your name  Michael Conklin  Title  Assistant Treasurer

Paid Preparer Use Only

Print/Type preparer's name  Preparer's signature  Date  Check  Self-employed  PTIN

Firm's name  Firm's BIN

Firm's address  Phone no.