



NYSE Arca WEEKLY BULLETIN

January 30, 2009 WB-09-05

The Bylaws and Rules of NYSE Arcasm Exchange ("Exchange"), in certain specific instances, require the Exchange to provide notice to all OTP Firms and OTP Holders (collectively "OTPs") and ETP Holders ("ETPs"). To satisfy this requirement, a copy of the *Weekly Bulletin*, including *Regulatory Bulletins*, is provided to all OTPs and ETPs on a weekly basis.

Pursuant to Exchange Rules, all OTPs and ETPs are reminded to promptly report business, home and mailing address changes, telephone number changes, and e-mail address changes to crs@nyx.com or Client Registration Services at (888) 689-7739, option 3.

NYSE Arca Equities

NEWLY APPROVED ETP HOLDERS*
(none)

NEWLY APPROVE MARKET MAKER/ETP HOLDER
(none)

TERMINATED ETP HOLDERS
GRANTA CAPITAL GROUP LLC aka SKY CAPITAL
ZEALOUS CAPITAL MARKETS, LLC.

| | |
|-----------------------------|------------|
| Total ETP Holders | 594 |
| Total MM/ETP Holders | 50 |

NYSE Arca Options.

NEWLY APPROVED OTP FIRMS AND HOLDERS*
(none)

TERMINATED OTP FIRMS AND HOLDERS
(none)

| | |
|-----------------------------|------------|
| Total OTP Holders | 108 |
| Total MM/OTP Holders | 35 |

* for current week (as of 8 a.m. today)

| | |
|------------------------------------|------------|
| Total ETP & OTP Holders | 94 |
| Total ETP Only Holders | 497 |
| Total OTP Only Holders | 15 |

For updated information regarding NYSE Arca Options plan for the OCC Symbology Initiative visit: www.nyse.com/optionssymbology

IMM ASSIGNMENTS

IMM assignment for QQQQ: N50 C80-SLGOA 02/02/09 to 02/06/09
IMM assignment for IWM: J35A J35-OPTVA 02/02/09 to 02/06/09
For more information visit:
http://www.nyse.com/pdfs/Issues_No_LMM.pdf

OTP POSTINGS

The following applicants have applied for OTP status at the Exchange and are being posted for a period of three business days, during which time interested OTPs may submit written comments with respect to the qualifications of the applicants. Admission of applicants will become effective after applicants have been cleared and approved for OTP status pursuant to the policies of the Exchange.

Eucalyptus Partners, LLC – Broker Dealer and OTP Firm
Gallagher, Michael – Market Maker for VTrader Pro, LLC
MB Trading – Broker Dealer and OTP Firm

REPORTS DUE TO THE EXCHANGE

Focus Report Due Dates – SEC Rules 17a-5(a) & 17a-10

FOCUS Reports must be submitted electronically and received by the NYSE Arca Financial & Operational Compliance Department on or before the following due dates:

Monthly FOCUS Reports are required from all NYSE Arca Market Makers and NYSE Arca Lead Market Makers:

January 2009 Monthly FOCUS Report
Due: Wednesday, February 25, 2009

Quarterly FOCUS Reports are required from all Clearing OTPs and DEA Broker-Dealers subject to the SEC Net Capital Rule:

4th Quarter 2008 FOCUS Report
Due: Tuesday, January 27, 2009

Annual Audited Financial Statements – SEC Rule 17a-5(d)

OTPs and ETPs are reminded to file their Annual Reports with the NYSE Arca Financial & Operational Compliance Department by the following due dates:

OTPs and ETPs with FYE November 30, 2008January 29, 2009

OTPs and ETPs with FYE December 31, 2008March 2, 2009

OTPs and ETPs are reminded to submit Annual Audited Financial Statements, Material Change Forms, Financial Arrangement Disclosures, and SIPC payments to the following address:

NYSE Euronext
Attn: [Firm's NYSE Coordinator]
20 Broad Street, 21st Floor
New York, NY 10005
Fax: (212) 656-5748

REGULATORY BULLETINS/NOTICES IN THIS ISSUE

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**RULE
ADOPTION
NOTICE**

**RAN-09-03
January 27, 2009**

TO: All OTP Holders and OTP Firms

FROM: Options Regulation Department

**SUBJECT: Eliminating Obsolete and Unnecessary Rule Text
(File Nos. SR-NYSEArca-2009-02)**

On January 02, 2009, NYSE Arca, Inc. (“Exchange”) filed with the Securities and Exchange Commission (“Commission”) SR-NYSEArca-2009-02, a proposal amending Rule 5.3 – Criteria for Underlying Securities. The purpose of the rule change is to correct certain NYSEArca cross-references and remove obsolete and unnecessary rule text. By abolishing these out-dated references and correcting cross-references, the Exchange is not changing or altering any obligation, rights, policies or practices enumerated within its rules.

This rule change was effective and operative on the date of filing, January 2, 2009. Questions regarding this bulletin may be directed to Andrew Stevens at 312-442-7632. Below is a link to the Exchanges filing, which includes the text of the rule changes.

[http://apps.nyse.com/commdata/pub19b4.nsf/docs/0C6EC974F1F63634852575470068DBE5/\\$FILE/NYSEArca-2009-02.pdf](http://apps.nyse.com/commdata/pub19b4.nsf/docs/0C6EC974F1F63634852575470068DBE5/$FILE/NYSEArca-2009-02.pdf)



**REGULATORY
INFORMATION
BULLETIN**

**RB-09-15
January 30, 2009**

TO: ETP Holders

SUBJECT: Barclays iPath VIX Futures ETN's

Compliance and supervisory personnel should note that, among other things, this Information Bulletin discusses customer suitability. Please forward this Information Bulletin to other interested persons within your organization.

The following exchange-traded notes ("ETNs") have been approved for Listing on NYSE Arca and will commence trading on January 30, 2009:

| <u>Exchange-Traded Notes</u> | <u>Symbol</u> |
|---|----------------------|
| iPath S&P 500 VIX Short-Term Futures Exchange Traded Notes due January 30, 2019 | VXX |
| iPath S&P 500 VIX Mid-Term Futures Exchange Traded Notes due January 30, 2019 | VXZ |

Background on the Securities

As more fully explained in the Registration Statement (No. 333-145845) for Barclays iPath VIX Futures Exchange Traded Notes due January 30, 2019 (the "Securities"), an investment in iPath ETNs is linked to the performance of the S&P 500 VIX Short-Term Futures™ Index TR or the S&P 500 VIX Mid-Term Futures™ Index TR, as described below. Because the performance of each index is linked to the CBOE Volatility Index (the "VIX Index"), the performance of each index will depend on many factors including, the level of the S&P 500® Index, the prices of options on the S&P 500® Index, and the level of the VIX Index which may change unpredictably, affecting the value of futures contracts on the VIX Index and, consequently, the level of each index. Additional factors that may contribute to fluctuations in the level of each index include prevailing market prices and forward volatility levels of the U.S. stock markets and the equity securities.

The S&P 500 VIX Short-Term Futures™ Index TR and the S&P 500 VIX Mid-Term Futures™ Index TR are indices composed of futures contracts on the VIX Index with a daily rolling long position in contracts of specified maturities and are intended to reflect the returns that are potentially available through (1) an unleveraged investment in those contracts plus (2) the rate of interest that could be earned on the return on the notional value of the Index at the specified Treasury Bills rate, which is then reinvested in the Index.

The Indices are rolling Indices, each of which rolls on a daily basis. One of the effects of daily rolling is to maintain a constant weighted average maturity for the underlying futures contracts. The Indices are composed of futures contracts on the VIX Index. Unlike equities, which typically entitle the holder to a continuing stake in a corporation, futures contracts normally specify a certain date for the delivery of the underlying asset or financial instrument or, in the case of futures contracts relating to indices such as the VIX Index, a certain date for payment in cash of an amount determined by the level of the underlying index. The Indices operate by selling futures contracts on the VIX Index on a daily basis, specifying cash settlement on a nearby date and purchasing futures contracts on the VIX Index on a daily basis specifying cash settlement on a later date. The roll for each contract occurs on each index business day according to a pre-determined schedule that has the effect of keeping constant the weighted average maturity of the relevant futures contracts. This process is known as “rolling” a futures position, and each Index is a “rolling index”. The constant weighted average maturity for the futures underlying the S&P 500 VIX Short-Term Futures™ Index TR is one month and for the futures underlying the S&P 500 VIX Mid-Term Futures™ Index TR is five months.

The return on each series of ETNs is linked to the performance of the Index to which such ETNs are linked. Each Index seeks to provide investors with exposure to one or more maturities of futures contracts on the VIX Index, which reflect implied volatility in the S&P 500® Index at various points along the volatility forward curve. The VIX Index is calculated based on the prices of put and call options on the S&P 500® Index. Each index is intended to reflect the returns that are potentially available through an unleveraged investment in the futures contract or contracts on the VIX index plus the rate of interest that could be earned on reinvestment into the Index of the return on the notional value of the Index based on the 3-month U.S. Treasury rate. Futures on the VIX Index allow investors the ability to invest in forward volatility based on their view of the future direction or movement of the VIX Index. The index sponsor calculates the level of the relevant Index on each index business day and publishes it on the applicable Bloomberg pages specified herein as soon as practicable thereafter.

The ETNs will initially be issued in denominations of \$100.

For a more complete description of the Securities and the payment at maturity, early repurchase provisions, early repurchase mechanics, valuation, fees and risk factors, consult the prospectus (“Prospectus”).

Valuation of the Securities

According to the Prospectuses, an intraday “Indicative Value” meant to approximate the intrinsic economic value of the ETNs will be published by Bloomberg, as follows:

| <u>Exchange-Traded Notes</u> | <u>Symbol</u> |
|---|----------------------|
| iPath S&P 500 VIX Short-Term Futures Exchange Traded Notes due January 30, 2019 | VXX.IV |
| iPath S&P 500 VIX Mid-Term Futures Exchange Traded Notes due January 30, 2019 | VXZ.IV |

The actual trading price of the Securities may vary significantly from their Indicative Value.

Early Redemption

According to the Prospectus, the Securities may be redeemed prior to maturity. Offers to repurchase at least 25,000 Securities (or an integral multiple of 25,000 securities in excess thereof) on any redemption date through April 1, 2038. For a complete description of the redemption procedures and the payment upon redemption, see the Prospectus.

Investment Risks

The Notes are unsecured promises of Barclays Bank PLC and are not secured debt. The Notes are riskier than ordinary unsecured debt securities. As stated in the Prospectus, an investment in the Securities includes, but are not limited to, the following risks:

- Even if the level of the Index at maturity or upon redemption is greater than it was on the inception date, an investor receive less than the principal amount;
- Even if the value of the Index at maturity or upon redemption exceeds the initial - Index level, holders may receive less than the principal amount of their Securities;
- Holders will not benefit from any increase in the value of the Index if such increase is not reflected in the value of the Index on the applicable valuation date;
- There are restrictions on the minimum number of securities a holder may redeem and on the dates on which a holder may redeem them;
- The VIX Index is a theoretical calculation and is not a tradable index;
- The market value of the ETNs may be influenced by many unpredictable factors;
- The market value of the ETNs may fluctuate between the date of purchase and the applicable valuation date;
- The VIX Index is a measure of forward volatility of the S&P 500[®] Index and the ETN is not linked to the options used to calculate the VIX Index, to the actual volatility of the S&P 500[®] Index or the equity securities included in the S&P 500[®] Index, nor will the return on the ETN be a participation in the actual volatility of the S&P 500[®] Index;

- Changing prices of the Futures Contracts included in the Index may result in a reduced amount payable at maturity or upon redemption;
- There may not be an active trading market in the Securities;
- Sales in the secondary market may result in significant losses;
- Trading and other transactions by Barclays Bank PLC or its affiliates in instruments linked to the Index or Index components may impair the market value of the Notes;
- The liquidity of the market for the Securities may vary materially over time;
- Barclays' business activities may create conflicts of interest;
- The policies of the index sponsor and changes that affect the composition and valuation of the Index or the index constituent currencies could affect the amount payable on the securities and their market value;
- If a market disruption event has occurred or exists on a valuation date, the calculation agent can postpone the determination of the value of the Index or the maturity date or a redemption date; and
- The U.S. Federal Tax Consequences of your investment in the securities are highly uncertain.

Prospectus Delivery

ETP Holders are advised to consult the "Plan of Distribution" in the Prospectus regarding prospectus delivery requirements.

Exchange Rules Applicable to Trading in the Securities

The ETN's are considered equity securities, thus rendering trading in the Securities subject to the Exchange's existing rules governing the trading of equity securities.

Trading Hours

The Securities will trade on NYSE Arca in the Opening, Core and Late trading sessions or from 4:00 a.m. ET until 8:00 p.m. ET in accordance with NYSE Arca Equities Rule 7.34(a).

Extended Hours Trading

ETP Holders are reminded of NYSE Arca Equities Rule 7.34(e) regarding Customer Disclosure and that trading in the Securities during the Exchanges Opening and Late Trading Sessions may result in additional trading risks which include: (1) that the current underlying Indicative Value may not be updated during the Opening and Late Sessions, (2) the Indicative Value may not be updated during the Opening and Late Trading Sessions, (3) lower liquidity in the Opening or Late Trading Sessions may impact pricing, (5) higher volatility in the Opening or Late Trading Sessions may impact pricing, (6) wider spreads may occur in the Opening or Late Trading Sessions, and (7), since the Indicative Value is not calculated or widely disseminated during the Opening and Late Trading Sessions, an investor who is unable calculate an implied value for the Securities in those sessions may be at a disadvantage to market professionals.

Suitability

ETP Holders are reminded of their obligations under NYSE Arca Rule 9.2(a)-(b) whereby the ETP holder shall use due diligence to learn the essential facts relative to every customer prior to trading the ETN or recommending a transaction in the ETN that an investment in the ETN is suitable for the customer. ETP Holders should adopt appropriate procedures for the opening and maintaining of accounts, including the maintaining of records prescribed by any applicable regulatory organization and by the rules and regulations of the Securities and Exchange Commission.

No-Action Relief Under Federal Securities Regulations

The Securities and Exchange Commission has issued no-action relief from certain provisions of and rules under the Securities Exchange Act of 1934 (the "Exchange Act"), regarding trading in Barclays iPath Exchange Traded Notes (SEC Letter dated July 27, 2006) and Deutsche Bank AG Exchange-Traded Notes (SEC Letter dated October 17, 2007) for securities with structures similar to that of the securities described herein (the "Letters"). As what follows is only a summary of the relief outlined in the Letters, the Exchange also advises interested members to consult the Letters, for more complete information regarding the matters covered therein.

Regulation M Exemptions

Generally, Rules 101 and 102 of Regulation M is an anti-manipulation regulation that, subject to certain exemptions, prohibits a "distribution participant" and the issuer or selling security holder, in connection with a distribution of securities, from bidding for, purchasing, or attempting to induce any person to bid for or purchase, any security which is the subject of a distribution until after the applicable restricted period, except as specifically permitted in Regulation M. The provisions of the Rules apply to underwriters, prospective underwriters, brokers, dealers, and other persons who have agreed to participate or are participating in a distribution of securities, and affiliated purchasers of such persons.

The Letters state that the SEC Division of Trading and Markets will not recommend enforcement action under Rule 101 of Regulation M against persons who may be deemed to be participating in a distribution of the notes to bid for or purchase the notes during their participation in such distribution.

Rule 102 of Regulation M prohibits issuers, selling security holders, or any affiliated purchaser of such person from bidding for, purchasing, or attempting to induce any person to bid for or purchase a covered security during the applicable restricted period in connection with a distribution of securities effected by or on behalf of an issuer or selling security holder. Rule 100 of Regulation M defines "distribution" to mean any offering of securities that is distinguished from ordinary trading transactions by the magnitude of the offering and the presence of special selling efforts and selling methods.

The Letters state that the SEC Division of Trading and Markets will not recommend enforcement action under Rule 102 of Regulation M against Barclays and its affiliated purchasers who bid for or purchase or redeem notes during the continuous offering of the notes.

Section 11(d)(1) of the Exchange Act; Exchange Act Rule 11d1-2

Section 11(d)(1) of the Exchange Act generally prohibits a person who is both a broker and a dealer from effecting any transaction in which the broker-dealer extends credit to a customer on any security which was part of a new issue in the distribution of which he or she participated as a member of a selling syndicate or group within thirty days prior to such transaction.

The Letters state that the SEC Division of Trading and Markets will not recommend enforcement action under Section 11(d)(1) of the Exchange Act against broker-dealers who treat the notes, for purposes of Rule 11d1-2, as “securities issued by a registered . . . open-end investment company as defined in the Investment Company Act” and thereby, extend credit or maintain or arrange for the extension or maintenance of credit on the notes that have been owned by the persons to whom credit is provided for more than 30 days, in reliance on the exemption contained in the rule.

This Information Bulletin is not a statutory Prospectus.



REGULATORY INFORMATION BULLETIN

RB-09-14
January 27, 2009

TO: ETP Holders

SUBJECT: SPDR Series Trust

Compliance and supervisory personnel should note that, among other things, this Information Bulletin discusses the need to deliver a prospectus to customers purchasing shares ("Shares") of the two exchange-traded funds ("Funds") issued by the SPDR[®] Series Trust (Trust). Please forward this Information Bulletin to other interested persons within your organization.

The following security has been approved for Listing on NYSE Arca and will commence trading on January 27, 2009:

Exchange-Traded Funds

Symbol

SPDR Barclays Capital Short Term International Treasury Bond ETF

BWZ

SPDR Barclays Capital Mortgage Backed Bond ETF

MBG

Background Information on the Funds

As more fully explained in the Registration Statement (Nos. 811-08839 and 333-57793) for the Trust, the Trust is an open-end management investment company registered under the Investment Company Act of 1940, as amended ("1940 Act"), and currently consists of 48 investment series, including the Funds.

The SPDR Barclays Capital Short Term International Treasury Bond ETF investment objective is to provide investment results that, before fees and expenses, correspond generally to the price and yield performance of an index that measures the short-term (1-3 year remaining maturity) fixed rate, investment grade debt issued by foreign governments of investment grade countries. The Fund uses a passive management strategy designed to track the price and yield performance of the Barclays Capital 1-3 Year Global Treasury ex-US Capped Index (the "Short Term International Treasury Index"). The Short Term International Treasury Index measures the performance of fixed-rate local currency sovereign debt of investment-grade countries outside the United States that have remaining maturities of one to three years. As of December 31, 2008, there were 229 issues from 21 countries denominated in 14 currencies included in the Index.

The SPDR Barclays Capital Mortgage Backed Bond ETF investment objective is to provide investment results that, before fees and expenses, correspond generally to the price and yield

performance of an index that tracks the U.S. agency mortgage pass-through sector of the U.S. investment grade bond market. The Fund uses a passive management strategy designed to track the price and yield of the Barclays Capital U.S. MBS Index (the "MBS Index"). The MBS Index measures the performance of the U.S. agency mortgage pass-through segment of the U.S. investment grade bond market. The term "U.S. agency mortgage pass-through security" refers to a category of pass-through securities backed by pools of mortgages and issued by one of the following U.S. government-sponsored enterprises: Government National Mortgage Association ("GNMA"); Federal National Mortgage Association ("FNMA") and Federal Home Loan Mortgage Corporation ("FHLMC"). As of December 31, 2008, the Index included 1,727 issues.

SSgA Funds Management, Inc. is the investment adviser to the Funds. State Street Global Markets, LLC is the distributor for the Funds ("Distributor"). State Street Bank and Trust Company is the custodian, administrator, fund accounting agent and transfer agent for the Funds.

As described more fully in the Trust's prospectus ("Prospectus") and Statement of Additional Information ("SAI"), the Funds will issue and redeem Shares on a continuous basis, at its net asset value ("NAV"), only in large blocks of 200,000 Shares (each, a "Creation Unit"). Creation Units will be issued and redeemed generally in exchange for cash or in kind securities, as the case may be. Except when aggregated in Creation Units, the Shares are not redeemable securities of the Funds.

Dividends from net investment income, if any, will be declared and paid monthly. Net realized capital gains, if any, will be distributed to shareholders at least annually. Distributions may be declared and paid more frequently.

The Depository Trust Company ("DTC") serves as securities depository for the Shares, which may be held only in book-entry form; stock certificates will not be issued. DTC, or its nominee, is the record or registered owner of all outstanding Shares.

The NAV per Share for the Funds will be determined each business day, normally at the close of regular trading (ordinarily, 4:00 p.m. Eastern Standard Time ("ET")) on the New York Stock Exchange. NAV is calculated by dividing the value of the net assets of a Fund (i.e., the total value of its assets less all liabilities) by the number of Shares outstanding, rounded to the nearest cent. NAV will be available from the Distributor and will also be available to National Securities Clearing Corporation ("NSCC") participants through data made available from NSCC.

The Trusts registration statement describes the various fees and expenses for the Fund's Shares. For a more complete description of the Fund and the underlying index, visit www.SPDRETFs.com.

Principal Risks

Interested persons are referred to the Prospectus for a description of risks associated with an investment in the Shares. These risks include the risk that a Fund's return may not match the return

of its index for a number of reasons including the incursion by a Fund of operating expenses and costs not applicable to its index. In addition, as noted in the Prospectus, the Shares may trade at market prices that may differ from their NAV. The NAV of the Shares will fluctuate with changes in the market value of the Fund's holdings. The market prices of the Shares will fluctuate in accordance with changes in NAV as well as the supply and demand for the Shares.

Exchange Rules Applicable to Trading in the Shares

The Shares are considered equity securities, thus rendering trading in the Shares subject to the Exchange's existing rules governing the trading of equity securities.

Trading Hours

The value of the Index underlying the Shares will be disseminated to data vendors every 15 seconds during the Exchange's Core Trading Sessions or from 9:30 a.m. ET until 4:15 p.m. ET. The Shares will trade on NYSE Arca in the Opening, Core and Late trading Sessions or from 4:00 a.m. ET until 8:00 p.m. ET in accordance with NYSE Arca Equities Rule 7.34(a). The trading increment for the Fund's Shares will be \$0.01.

Extended Hours Trading

ETP Holders are reminded of NYSE Arca Equities Rule 7.34(e) regarding Customer Disclosure and that trading in the Funds Shares during the Exchanges Opening and Late Trading Sessions may result in additional trading risks which include: (1) that the current underlying index value may not be updated during the Opening and Late Sessions, (2) the intraday indicative value may not be updated during the Opening and Late Trading Sessions, (3) lower liquidity in the Opening or Late Trading Sessions may impact pricing, (5) higher volatility in the Opening or Late Trading Sessions may impact pricing, (6) wider spreads may occur in the Opening or Late Trading Sessions, and (7), since the intraday indicative value is not calculated or widely disseminated during the Opening and Late Trading Sessions, an investor who is unable calculate an implied value for an ETF in those sessions may be at a disadvantage to market professionals.

Suitability

ETP Holders are reminded of their obligations under NYSE Arca Equities Rule 9.2(a)-(b) whereby the ETP holder shall use due diligence to learn the essential facts relative to every customer prior to trading the Shares or recommending a transaction in the Shares that an investment in the Shares is suitable for the customer. ETP Holders should adopt appropriate procedures for the opening and maintaining of accounts, including the maintaining of records prescribed by any applicable regulatory organization and by the rules and regulations of the Commission.

Trading Halts

The Exchange will halt trading in the Shares if for a regulatory halt similar to a halt based on NYSE Arca Equities Rule 7.12 and/or a halt because dissemination of the intraday indicative value of the Shares and/or the underlying value of the index has ceased. Further, the Exchange will halt trading in the Shares in accordance with NYSE Arca Equities Rule 7.12 ("Trading Halts Due to Extraordinary Market Volatility"). The Shares will be traded following a trading halt in accordance with NYSE Arca Equities Rule 7.35(f) ("Re-Opening After Trading Halts").

Delivery of a Prospectus

Consistent with the requirements of the Securities Act and the rules thereunder, investors purchasing Shares in the initial public offering and anyone purchasing Shares directly from a Fund (by delivery of the designated securities) must receive a Prospectus. In addition, ETP Holders are required to deliver a Prospectus to all purchasers of newly-issued Shares (i.e. during the initial public offering). ETP Holders purchasing shares from a Fund for resale to investors will deliver a Prospectus to such investors.

Prospectuses may be obtained through the Fund's website. The Prospectus does not contain all of the information set forth in the Registration Statement (including the exhibits to the Registration Statement), parts of which have been omitted in accordance with the rules and regulations of the Commission. For further information about a Fund, please refer to the Registration Statement.

In the event that a Fund relies upon an order by the Commission exempting the Shares from certain Prospectus delivery requirements under Section 24(d) of the 1940 Act and makes available a written product description, NYSE Arca Equities Rule 5.2(j)(3) Commentary .01(h) requires that ETP Holders provide to all purchasers of Shares a written description of the terms and characteristics of such securities, in a form prepared by the Trust, no later than the time a confirmation of the first transaction in the Shares, is delivered to such purchaser. In addition, ETP Holders shall include such a written description with any sales material relating to the Shares that is provided to customers or the public. Any other written materials provided by a ETP Holder to customers or the public making specific reference to the Shares as an investment vehicle must include a statement in substantially the following form: "A circular describing the terms and characteristics of Shares of the Fund has been prepared by the Trust and is available from your broker. It is recommended that you obtain and review such circular before purchasing Shares of the Fund. In addition, upon request you may obtain from your broker a prospectus for Shares of the Fund."

An ETP Holder carrying an omnibus account for a non-ETP Holder is required to inform such non-ETP Holder that execution of an order to purchase Shares for such omnibus account will be deemed to constitute agreement by the non-ETP Holder to make such written description available to its customers on the same terms as are directly applicable to ETP Holders under this rule.

Upon request of a customer, ETP Holders shall also provide a copy of the Prospectus.

Exemptive, Interpretive and No-Action Relief Under Federal Securities Regulations

The Commission has issued letters dated November 21, 2005 (“2005 Letter”) and April 9, 2007 (“2007 Letter”) and together with the 2005 Letter, the “No-Action Letters”) granting exemptive, interpretive and no-action relief from certain provisions of and rules under the Securities Exchange Act of 1934 for exchange-traded funds listed and traded on a registered national securities exchange that meet certain criteria. The Fund qualifies for the relief granted in the No-Action Letters, a description of which follows.

Regulation M Exemptions

Generally, Rules 101 and 102 of Regulation M prohibit any "distribution participant" and its "affiliated purchasers" from bidding for, purchasing, or attempting to induce any person to bid for or purchase any security which is the subject of a distribution until after the applicable restricted period, except as specifically permitted in Regulation M. The provisions of the Rules apply to underwriters, prospective underwriters, brokers, dealers, and other persons who have agreed to participate or are participating in a distribution of securities.

The Commission issued a No-Action Letter by which persons participating in a distribution of shares of a fund may engage in secondary market transactions in such shares during their participation in such a distribution, despite the requirements of from Rule 101 under Regulation M. In addition, the SEC has permitted persons who may be deemed to be participating in the distribution of shares of a fund (i) to purchase securities for the purpose of purchasing creation unit aggregations of fund shares and (ii) to tender securities for redemption in Creation Unit Aggregations. Further, the Commission has clarified that the tender of fund shares to the Fund for redemption does not constitute a bid for or purchase of any of the Funds’ securities during the restricted period of Rule 101. The Commission has issued a No-Action Letter to paragraph (e) of Rule 102 under Regulation M which allow the redemption of fund shares in creation unit aggregations during the continuous offering of shares.

Customer Confirmations for Creation or Redemption of Fund Shares (SEC Rule 10b-10)

Broker-dealers who handle purchases or redemptions of Fund shares in Creation Units for customers will be permitted to provide such customers with a statement of the number of Creation Unit Aggregations created or redeemed without providing a statement of the identity, number and price of shares of the individual securities tendered to the Fund for purposes of purchasing creation unit aggregations (“Deposit Securities”) or the identity, number and price of shares to be delivered by the Trust to the redeeming holder (“Redemption Securities”). The composition of the securities required to be tendered to the Fund for creation purposes and of the securities to be delivered on redemption will be disseminated each business day and will be applicable to requests for creations or redemption, as the case may be, on that day. This exemptive relief under Rule 10b-10 with respect to creations and redemptions is subject to the following conditions:

- (1) Confirmations to customers engaging in creations or redemptions must state that all information required by Rule 10b-10 will be provided upon request;
- (2) Any such request by a customer for information required by Rule 10b-10 will be filed in a timely manner, in accordance with Rule 10b-10(c);
- (3) Except for the identity, number and price of shares of the component securities of the Deposit Securities and Redemption Securities, as described above, confirmations to customers must disclose all other information required by Rule 10b-10(a).

SEC Rule 14e-5

The Commission has permitted any person acting as a dealer-manager of a tender offer for a component security of fund (1) to redeem fund shares in creation unit aggregations from the issuer that may include a security subject to such tender offer and (2) to purchase fund shares during such tender offer. In addition, a No-Action has been issued under Rule 14e-5 states that if a broker-dealer acting as a dealer-manager of a tender offer for a security of the Fund purchases or arranges to purchase such securities in the secondary market for the purpose of tendering such securities to purchase one or more creation unit aggregations of shares, it must be made in conformance with the following:

- (i) such bids or purchases are effected in the ordinary course of business, in connection with a basket of 20 or more securities in which any security that is the subject of a distribution, or any reference security, does not comprise more than 5% of the value of the basket purchased; or
- (ii) purchases are effected as adjustments to such basket in the ordinary course of business as a result of a change in the composition of the underlying index; and
- (iii) such bids or purchases are not effected for the purpose of facilitating such tender offer.

Section 11(d)(1); SEC Rules 11d1-1 and 11d1-2

Section 11(d)(1) of the Act generally prohibits a person who is both a broker and a dealer from effecting any transaction in which the broker-dealer extends credit to a customer on any security which was part of a new issue in the distribution of which he participated as a member of a selling syndicate or group within thirty days prior to such transaction. The Commission has clarified that Section 11(d)(1) does not apply to broker-dealers that are not authorized participants (and, therefore, do not create creation unit aggregations) that engage in both proprietary and customer transactions in shares of a fund in the secondary market, and for broker-dealer authorized participants that engage in creations of creation unit aggregations. This relief is subject to specific conditions, including the condition that such broker-dealer (whether or not an authorized participant) does not, directly or indirectly, receive from the fund complex any payment,

compensation or other economic incentive to promote or sell the shares of a fund to persons outside the fund complex, other than non-cash compensation permitted under NASD Rule 2830 (I)(5)(A), (B) or (C). See letter dated November 22, 2005 from Brian A Bussey, Assistant Chief Counsel, SEC Division of Market Regulation, to Barclays Global Investors, N.A., dated November 22, 2005. The Commission has issued a No-Action Letter under Section 11(d)(1) of the Act states that broker-dealers may treat shares of a fund, for purposes of Rule 11d1-2, as "securities issued by a registered open-end investment company as defined in the Investment Company Act" and thereby extend credit or maintain or arrange for the extension or maintenance of credit on shares that have been owned by the persons to whom credit is provided for more than 30 days, in reliance on the exemption contained in the rule.

SEC Rule 15c1-5 and 15c1-6

The Commission has issued a No-Action letter with respect to Rule 15c1-5 and Rule 15c1-6 as to the required disclosure of control by a broker or dealer with respect to creations and redemptions of fund shares and secondary market transactions therein.

This Information Bulletin is not a statutory Prospectus. ETP Holders should consult the Trust's Registration Statement, SAI, Prospectus and the Fund's website for relevant information.

Inquiries regarding this Information Bulletin should be directed to Timothy J. Malinowski, Director, ETF's and Indexes, at (312) 442-7886.



REGULATORY INFORMATION BULLETIN

RB-09-13
January 26, 2009

TO: ETP Holders

**SUBJECT: Morgan Stanley Protected Absolute Return Barrier Notes
Based Upon the S&P 500 Index**

Compliance and supervisory personnel should note that, among other things, this Information Bulletin discusses customer suitability. Please forward this Information Bulletin to other interested persons within your organization.

The following index-linked security has been approved for Listing on NYSE Arca and will commence trading on January 27, 2009:

Index-Linked Securities

Symbol

Protected Absolute Return Barrier Notes due July 20, 2010 Based on
the Value of the S&P 500[®] Index

SBF

Background Information on the Security

As more fully set forth in the prospectus supplement, the Protected Absolute Return Barrier Notes are senior unsecured obligations of Morgan Stanley, will pay no interest and have the terms described in the prospectus. At maturity, an investor will receive for each \$10 stated principal amount of notes that the investor holds, the \$10 stated principal amount and a return, if any, based on the absolute value of the return of the index and on whether the Index has remained within the index range at all times during the observation period. All payments on the Notes, including the repayment of principal, are subject to the credit risk of Morgan Stanley.

For additional information regarding the Notes, including the applicable risk factors, please consult the Prospectus Supplement, filed with the Securities and Exchange Commission by Morgan Stanley.

Exchange Rules Applicable to Trading in the Security

The Securities are considered equity securities, thus rendering trading in the Securities subject to the Exchange's existing rules governing the trading of equity securities.

Trading Hours

The value of the Index underlying the Securities will be disseminated to data vendors every 15 seconds during the Exchanges Core Trading Session. The Securities will trade on NYSE Arca in the Opening, Core and Late trading sessions or from 4:00 a.m. ET until 8:00 p.m. ET in accordance with NYSE Arca Equities Rule 7.34(a).

Extended Hours Trading

ETP Holders are reminded of NYSE Arca Equities Rule 7.34(e) regarding Customer Disclosure and that trading in the securities during the Exchanges Opening and Late Trading Sessions may result in additional trading risks which include: (1) that the current underlying index value may not be updated during the Opening and Late Sessions, (2) lower liquidity in the Opening or Late Trading Sessions may impact pricing, (3) higher volatility in the Opening or Late Trading Sessions may impact pricing, (4) wider spreads may occur in the Opening or Late Trading Session.

Suitability

ETP Holders are reminded of their obligations under NYSE Arca Equities Rule 9.2(a)-(b) whereby the ETP holder shall use due diligence to learn the essential facts relative to every customer prior to trading the security or recommending a transaction in the security that an investment in the security is suitable for the customer. ETP Holders should adopt appropriate procedures for the opening and maintaining of accounts, including the maintaining of records prescribed by any applicable regulatory organization and by the rules and regulations of the Securities and Exchange Commission.

This Information Bulletin is not a statutory Prospectus.