



Investors Exchange Product Information Circular 2016 - 0039

Date: August 31, 2016

Re: Morgan Stanley Cushing MLP High Income Index Exchange-Traded Notes

Investors Exchange LLC commenced operating as a national securities exchange on August 19, 2016 followed by a two-week security-by-security phase-in period. This Information Circular is being issued to advise you that the following securities have been approved for trading pursuant to unlisted trading privileges (“UTP”) on the Exchange as UTP Derivative Securities pursuant to IEX Rule 16.160, and will begin trading on IEX during the phase-in period. See [the Exchange’s Website](#) for the phase-in schedule.

<u>Security (“Notes”)</u>	<u>Symbol</u>
Morgan Stanley Cushing MLP High Income Index ETNs	MLPY

Issuer/Trust: Morgan Stanley

Issuer Website: <http://morganstanley.com/etns/mlpy>

Primary Listing Exchange: NYSE Arca

Primary Exchange Circular: RB-11-33 (March 17, 2011)

Registration Statement: No. 333-156423

The purpose of this information circular is to outline various rules and policies that will be applicable to trading in this new product on the Exchange, as well as to provide certain characteristics and features of the Notes.

Background Information on the Notes

Please see the prospectus for the Notes for more details regarding the calculations and details.

It is expected that the market value of the Notes will depend substantially on the value of the Index and may be affected by a number of other interrelated factors including, among other things: the general level of interest rates, the volatility of the Index, the time remaining to maturity, the dividend yield of the stocks comprising the Index, and the credit ratings of the Issuer.

Exchange Rules Applicable to Trading in the Notes

Morgan Stanley (the “Issuer”) has issued Exchange Traded Notes (“ETNs” or “Notes”) linked to the Cushing MLP High Income Index (the “Index”). The maturity date is March 21, 2031. The ETNs may pay a quarterly coupon during their term, but unlike ordinary debt securities, the ETNs do not pay fixed periodic interest and do not guarantee any return of principal.



The ETNs are based on the performance of the Index, which is a criteria-weighted index tracking the performance of 30 Master Limited Partnerships (“MLPs”) in the North American energy industry. These Index constituents are chosen for having the highest current indicative yields among MLPs meeting certain criteria set forth in the prospectus for the ETNs. The “current indicative yield” of an MLP is defined by the index methodology as the last quarterly distribution annualized divided by the current stock price, with adjustment in some cases made for more current information. Since the current indicative yield reflects only the last quarterly distribution by the MLP, there can be no assurance that the MLPs included in the Index based on this past performance will make any distributions in the next or any future period.

At maturity, or upon an earlier repurchase of the ETNs, investors will receive an amount of cash based on the positive or negative performance of the Index less the cumulative tracking fee. Consequently, if the value of the Index on the applicable valuation date has decreased or has not increased sufficiently from the time of purchase to offset the tracking fee, investors will receive less than the purchase price of the ETNs. In addition, the level of the Index is expected to increase in value if the MLPs chosen by the Index methodology increase in value and, conversely, the level of the Index will decline if the MLPs constituting the Index decrease in value. Investors must be willing to accept the risk of loss of some or all of their investment. The ETNs are senior unsecured debt securities of the Issuer and are therefore subject to the credit risk of the Issuer.

The payment at maturity may result in a significant or complete loss, but will not be less than \$0.

Please see the prospectus for the Notes for more details regarding the calculations and details regarding the Index.

Exchange Rules Applicable to Trading in the Shares

Trading in the Shares on IEX is subject to IEX trading rules.

Trading Hours

The value of the Index underlying the Shares will be disseminated to data vendors every 15 seconds during the Regular Trading Session.

The Shares will trade on IEX between 8:00 a.m. and 5:00 p.m. Please note that trading in the Shares during the Exchange’s Pre-Market and Post-Market Sessions (“Extended Market Sessions”) may result in additional trading risks which include: (1) that the current underlying indicative value may not be updated during the Extended Market Sessions, (2) lower liquidity in the Extended Market Sessions may impact pricing, higher volatility in the Extended Market Sessions may impact pricing, (4) wider spreads may occur in the Extended Markets Sessions, and (5) because the indicative value is not calculated or widely disseminated during the Extended Market Sessions, an investor who is unable to calculate an implied value for the Shares in those sessions may be at a disadvantage to market professionals.

Suitability

Trading in the securities on the Exchange will be subject to the provisions of IEX Rule 3.170 and other applicable suitability rules. Members recommending transactions in the securities to customers should make a determination that the recommendation is suitable for the customer.



Trading Halts

IEX will halt trading in the shares of a security in accordance with IEX Rules. The grounds for a halt under IEX Rules include a halt by the primary market because the intraday indicative value of the security and/or the value of its underlying index are not being disseminated as required, or a halt for other regulatory reasons. In addition, IEX will stop trading the shares of a security if the primary market de-lists the security.

This Information Circular is not a statutory prospectus. IEX Members should consult the prospectus for a security and the security's website for relevant information.

Please contact IEX Regulation at 646-343-2000 with any inquiries regarding this Information Circular.