



Investors Exchange Product Information Circular 2016 - 0040

Date: August 31, 2016

Re: Morgan Stanley – Market Vector ETNs

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 (“Shares” or “Notes”)</u>	<u>Symbol</u>
Morgan Stanley Market Vectors - Double Short Euro ETNs due April 30, 2020	DRR
Morgan Stanley Market Vectors - Double Long Euro ETNs due April 30, 2020	URR

Issuer/Trust: Morgan Stanley & Co., Inc.

Issuer Website: <http://www.marketvectorsetns.com>

Primary Listing Exchange: NYSE Arca

Primary Exchange Circular: RB-08-43 (May 9, 2008)

Issuer Registration Statement: No. 333-131266

The purpose of this information circular is to outline various rules and policies that will be applicable to trading in these new products on the Exchange, as well as to provide certain characteristics and features of the Shares. For a more complete description of the Issuer, the Shares and the underlying market instruments or indexes, visit the Issuer Website, consult the Prospectus available on the Issuer Website, examine the Issuer Registration Statement or review the most current information bulletin issued by the Primary Listing Exchange (the “Primary Exchange Circular”). The Issuer Website, the Prospectus, the Issuer Registration Statement and the Primary Exchange Circular are hereafter collectively referred to as the “Issuer Disclosure Materials.”

Background Information on the Notes

As more fully explained in the Registration Statement for the Market Vectors linked to the performance of the relevant currency index, as described below, the purpose of this Information Circular is to outline various rules and policies that will be applicable to trading the Securities. The Securities are senior unsecured debt obligations of the Issuer. The Securities will initially be issued in denominations of \$40. 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 prospectuses (“Prospectus”).



The Market Vectors - Double Long Euro ETNs due April 30, 2020, are based on the performance of the Double Long Euro Index (the “Index”), which is designed to offer investors two-times-leveraged, long exposure to the value of the euro relative to the U.S. dollar and tracks the value of the spot exchange rate with financing adjustments. Excluding the interest rate differential and the total return accrual factor discussed above, if the euro strengthens by 1% relative to the U.S. dollar, the Index level will increase by 2%; while if the euro weakens by 1% relative to the U.S. dollar, the Index level will decrease by 2%. At maturity or upon earlier repurchase by Morgan Stanley of at least 50,000 ETNs, holders of the ETNs will receive a payment of an amount of cash based on the positive or negative performance of the Index less an aggregate investor fee.

Market Vectors - Double Short Euro ETNs due April 30, 2020 are based on the performance of the Double Short Euro Index (the “Index”), which is designed to offer investors two-times leveraged, short exposure to the value of the euro relative to the U.S. dollar and tracks the value of the spot exchange rate with financing adjustments. Excluding the interest rate differential and the total return accrual factor discussed above, if the euro weakens by 1% relative to the U.S. dollar, the Index level will increase by 2%; while if the euro strengthens by 1% relative to the U.S. dollar, the Index level will decrease by 2%. At maturity or upon earlier repurchase by Morgan Stanley of at least 50,000 ETNs, holders of the ETNs will receive a payment of an amount of cash based on the positive or negative performance of the Index less an aggregate investor fee.

Indicative Value

An intraday “Indicative Value” meant to approximate the intrinsic economic value of the Securities will be published for the ETNs, as noted below:

<u>Exchange Traded Note</u>	<u>Indicative Value</u>
Market Vectors - Double Long Euro ETNs	URR.IV
Market Vectors - Double Short Euro ETNs	DRR.IV

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

Early Redemption

According to the Prospectus, the Securities may be repurchased prior to maturity at the option of Morgan Stanley or an investor. Offers to repurchase 50,000 ETNs or more to Morgan Stanley during the term of the ETNs on any repurchase date beginning May 16, 2008, by giving Morgan Stanley notice on the trading day prior to the applicable valuation date in accordance with the repurchase requirements, as described in the Prospectus. Upon repurchase, a cash payment equal to the principal amount of your ETNs times the index factor minus the aggregate investor fee, each as determined on the applicable valuation date. For a complete description of the repurchase process, see the Prospectus.

Principal Risks

Interested persons are referred to the discussion in the Trust’s Prospectus of principal risks of an investment in the Notes. These include risks of investing in market trading risk, market risk, Indian securities risk, currency risk, index rebalancing risk, tax risk, tax consequences of redemption proceeds



being limited to cash, non-correlation risk, replication management risk, industry risk, non-diversified risk, and trading issues and fluctuation of NAV, securities lending risk, swaps agreements risk, and regulatory risk.

Delivery of a Prospectus

IEX Members should be mindful of applicable prospectus delivery requirements under the federal securities laws with respect to transactions in the Notes. Prospectuses may be obtained through the Notes' website. The prospectus for a Note does not contain all of the information set forth in the Note's Registration Statement (including the exhibits to the Registration Statement), parts of which have been omitted in accordance with the rules and regulations of the Securities and Exchange Commission ("SEC" or "Commission"). For further information about a Note, please refer to its Registration Statement.

In the event that the Notes rely upon an order by the SEC exempting the Shares from certain prospectus delivery requirements under Section 24(d) of the Investment Company Act of 1940 and in the future make available a written product description, IEX Rules requires that IEX Members provide to all purchasers of Shares a written description of the terms and characteristics of such securities, in a form prepared by the Issuer of the Note, no later than the time a confirmation of the first transaction in the Shares is delivered to such purchaser. In addition, IEX Members 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 an IEX member 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 [*the UTP Derivative Securities*] has been prepared by the [*open-ended management investment company name*] and is available from your broker. It is recommended that you obtain and review such circular before purchasing [*the UTP Derivative Securities*]."

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

Upon request of a customer, IEX Members also shall provide a copy of the Prospectus.

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

The Commission has issued letters granting exemptive, interpretive and no-action relief from certain provisions of rules under the Securities Exchange Act of 1934 for exchange-traded securities listed and traded on a registered national securities exchange that meet certain criteria.

AS WHAT FOLLOWS IS ONLY A SUMMARY OF THE RELIEF OUTLINED IN THE NO-ACTION LETTERS REFERENCED ABOVE, THE EXCHANGE ADVISES INTERESTED PARTIES TO CONSULT THE NO-ACTION LETTERS FOR MORE COMPLETE INFORMATION REGARDING THE MATTERS COVERED THEREIN AND THE APPLICABILITY OF THE RELIEF GRANTED IN RESPECT OF TRADING IN SECURITIES. INTERESTED PARTIES SHOULD ALSO CONSULT THEIR PROFESSIONAL ADVISORS.



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); SEC Rules 11d1-1 and 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.

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.