

**UNITED STATES OF AMERICA  
BEFORE THE  
SECURITIES AND EXCHANGE COMMISSION**

**SECURITIES ACT OF 1933  
Release No. 8683 / May 17, 2006**

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<b>In the Matter of</b>	:	
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<b>MORGAN STANLEY &amp; CO., INCORPORATED</b>	:	<b>ORDER UNDER RULE 602(e) OF THE SECURITIES ACT OF 1933 GRANTING A WAIVER OF THE DISQUALIFICATION PROVISIONS OF RULES 602(b)(4) AND 602(c)(2)</b>
<b>Respondent.</b>	:	
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**I.**

Morgan Stanley & Co, Incorporated (“Morgan Stanley”) has submitted a letter on behalf of itself and its affiliates, dated February 17, 2006, requesting a waiver of the disqualification from the exemption from registration under Regulation E arising from Morgan Stanley’s settlement of an injunctive proceeding in federal court.

Morgan Stanley filed a “Consent of Defendant Morgan Stanley & Co. Incorporated” in which it agreed, without admitting or denying the allegations of the Commission’s complaint, to the entry of a Final Judgment against it. On May 12, 2006, the United States District Court for the District of Columbia entered a Final Judgment permanently enjoining Morgan Stanley from violating Section 17(b) of the Securities Exchange Act of 1934 (“Exchange Act”) and Exchange Act Rule 17a-4(j).

**II**

Rule 602(b)(4) makes the Regulation E exemption unavailable to an issuer if, among other things, such issuer or any of its affiliates is subject to any “order, judgment, or decree of any court of competent jurisdiction, entered within five years prior to the filing of such [Regulation E] notification, temporarily or permanently restraining or enjoining such person from engaging in or continuing any conduct or practice in connection with the purchase or sale of securities.” Rule 602(c)(2) also makes the exemption unavailable to an issuer if, among other things, any investment advisor to or underwriter of securities to be issued is “temporarily or permanently restrained or enjoined by any court from engaging in or continuing any conduct or practice in connection with the purchase or sale of any security or arising out of such person’s

conduct as an underwriter, broker, dealer or investment adviser.” Rule 602(e) provides, however, that the disqualification “shall not apply . . . if the Commission determines, upon a showing of good cause, that it is not necessary under the circumstances that the exemption be denied.

### **III.**

Based on the representations set forth in Morgan Stanley’s February 17, 2006 request, the Commission has determined that, pursuant to Rule 602(e), a showing of good cause has been made and that it is not necessary under the circumstances that the exemption be denied.

Accordingly, **IT IS ORDERED**, pursuant to Rule 602(e) under the Securities Act of 1933 (“Securities Act”), that a waiver of the disqualification provisions of Rule 602(b)(4) and 602(c)(2) under the Securities Act resulting from the entry of the Final Judgment is hereby granted.

By the Commission.

Nancy M. Morris  
Secretary