

UNITED STATES OF AMERICA  
BEFORE THE  
SECURITIES AND EXCHANGE COMMISSION

INVESTMENT COMPANY ACT OF 1940  
Release No. 29675 / May 24, 2011

---

|                                   |   |
|-----------------------------------|---|
| In the Matter of                  | : |
|                                   | : |
| HIGHMARK CAPITAL MANAGEMENT, INC. | : |
| HIGHMARK FUNDS                    | : |
| 350 California Street, Suite 1600 | : |
| San Francisco, CA 94104           | : |
|                                   | : |
| MORGAN STANLEY & CO., INC.        | : |
| 1585 Broadway                     | : |
| New York, NY 10036                | : |
|                                   | : |
| (812-13736)                       | : |

---

ORDER UNDER SECTIONS 6(c) AND 17(b) OF THE INVESTMENT COMPANY ACT OF 1940

HighMark Capital Management, Inc., HighMark Funds and Morgan Stanley & Co., Inc. filed an application on December 28, 2009, and amendments to the application on June 18, 2010, March 25, 2011, and May 5, 2011, requesting an order under sections 6(c) and 17(b) of the Investment Company Act of 1940 (“Act”) for an exemption from section 17(a) of the Act. The order would permit certain registered investment companies (“Funds”) to engage in principal transactions involving money market instruments with a broker-dealer that is an affiliated person of an affiliated person of the Funds.

On April 26, 2011, a notice of the filing of the application was issued (Investment Company Act Release No. 29660). The notice gave interested persons an opportunity to request a hearing and stated that an order disposing of the application would be issued unless a hearing was ordered. No request for a hearing has been filed, and the Commission has not ordered a hearing.

The matter has been considered and it is found, on the basis of the information set forth in the application, as amended, that granting the requested exemptions is appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the Act.

It is also found that the terms of the proposed transactions, including the consideration to be paid or received, are reasonable and fair and do not involve overreaching on the part of any person

concerned, and that the proposed transactions are consistent with the policy of each registered investment company concerned and with the general purposes of the Act.

Accordingly,

IT IS ORDERED, under sections 6(c) and 17(b) of the Act, that the relief requested by HighMark Capital Management, Inc., et al. (File No. 812-13736) is granted, effective immediately, subject to the conditions contained in the application, as amended.

For the Commission, by the Division of Investment Management, under delegated authority.

Cathy H. Ahn  
Deputy Secretary