

2009 BCSECCOM 606

Settlement Agreement

Morgan Stanley & Co. Incorporated

- ¶ 1 The Executive Director of the British Columbia Securities Commission (the Executive Director) and Morgan Stanley & Co. Incorporated (MS&Co) agree as follows:

Agreed Statement of Facts

1. MS&Co is incorporated under the laws of the State of Delaware. Its head office is located in New York, New York, U.S.A.
2. MS&Co registered as a portfolio manager and investment counsel (foreign adviser) with the British Columbia Securities Commission on April 3, 2008. It is registered as an international dealer and limited market dealer and as an international adviser with the Ontario Securities Commission.
3. MS&Co was not registered in B.C. in any capacity under the *Securities Act*, RSBC 1996, c. 418 before April 3, 2008.
4. From 1997 to June 9, 2009, MS&Co traded in exchange traded futures contracts for two clients in B.C.
5. By trading for BC clients without registration, MS&Co breached section 34 of the Act.

Mitigating Factors

6. MS&Co did not solicit potential new clients in BC.
7. MS&Co voluntarily brought this matter to the attention of the BCSC staff.

Public Interest

8. MS&Co acted contrary to public interest by engaging in conduct set out above.

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Undertaking

9. MS&Co will pay \$54,500 to the Commission which is due and payable immediately without further demand. This includes \$38,250 in respect of registration fees that otherwise would have been payable to the Commission if MS&Co had been registered under the Act as required.

Order

- ¶ 2 The Executive Director will issue an order (the Order) under section 161(1)(a) of the Act, that MS&Co must comply fully with the Act, the *Securities Rules*, B.C. Reg. 194/97, and any applicable regulations.

Consent to Reciprocal Orders

- ¶ 3 Any securities regulator in Canada may rely on the facts admitted in this agreement solely for making an order similar to the one contemplated above.

Waiver

- ¶ 4 MS&Co waives any right it may have, under the Act or otherwise, to a hearing, hearing and review, judicial review or appeal related to, in connection with, or incidental to the settlement.

Counterpart

- ¶ 5 This Settlement Agreement may be executed in counterpart or by facsimile execution and all such counterparts, of executed copies or faxed copies shall be read or construed together as if they formed one originally executed document.

- ¶ 6 October 20, 2009

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¶ 7 “Craig Abruzzo”
Morgan Stanley & Co. Incorporated
(Signing Authority)

Craig Abruzzo, Managing Director
Print Signing Authority Name

“Stephen R. Morris”)
Witness Signature)
Stephen R. Morris)
Witness Name (please print))
1221 Avenue of the Americas, 34th floor)
New York, NY 10020)
Address)
Attorney, VP & Counsel to MS&Co.)
Occupation)

¶ 8 October 20, 2009

“Langley E.Evans”

¶ 9 Langley E. Evans C.A.
Acting Executive Director