

**Meeting Between Federal Reserve Board Staff  
and Representatives of Morgan Stanley  
April 8, 2011**

**Participants:** Barbara Burns, Peter Heyward and Chris O'Dell (Morgan Stanley)

David Lynch, Jeremy Newell, Christopher Paridon and Patricia Yeh  
(Federal Reserve Board)

**Summary:** Staff of the Federal Reserve Board met telephonically with representatives of Morgan Stanley to discuss the restrictions on proprietary trading and hedge fund and private equity fund activities under section 619 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (also known as the "Volcker Rule").

Among matters discussed in the meeting were Morgan Stanley's views regarding: the potential impact of the Volcker Rule on Morgan Stanley's investment advisory and asset management business; how carried interest might be treated under the Volcker Rule; the "customers of such services" requirement related to the statutory exemption for organizing and offering a hedge fund or private equity fund; the extent to which Morgan Stanley or its employees acquire or retain an interest in funds for which it serves as sponsor or advises; and potential implications of the Volcker Rule's prohibition on covered transactions between a Morgan Stanley and certain hedge funds or private equity funds, including application of the statutory exemption for prime brokerage transactions.