



**DISCIPLINARY DECISION**

**Cboe Exchange, Inc.  
Star No. 20160511651/File No. USRI-8680  
Morgan Stanley & Co. LLC**

Pursuant to Exchange Rule 17.3, attached to and incorporated as part of this Decision is a Letter of Consent.

**Applicable Rule(s)**

- Cboe Rule 4.2 – Adherence to Law
- Rule 14e-4 – Prohibited Transactions in Connection with Partial Tender Offers, promulgated under the Securities Exchange Act of 1934, as amended

**Sanction**

A censure, a monetary fine in the amount of \$20,000, and disgorgement in the amount of \$108,501

**Effective Date**

June 7, 2019

By:/s/ Greg Hoogasian

Greg Hoogasian, CRO, SVP

CBOE EXCHANGE, INC.

In the Matter of:

Morgan Stanley & Co. LLC  
1585 Broadway  
New York, NY 10036

Subject

STAR No. 20160511651

LETTER OF CONSENT

In order to resolve these proceedings pursuant to Cboe Exchange, Inc. (the "Exchange" or "Cboe") Rule 17.3 – Expedited Proceedings, the Subject, Morgan Stanley & Co. LLC, ("Morgan Stanley" or the "Firm"), hereby submits this Letter of Consent in the above captioned matter. Only for purposes of this proceeding, and without admitting or denying that a violation of Cboe Rules or the Securities Exchange Act of 1934, as amended ("Exchange Act") has been committed, Morgan Stanley consents to the Stipulation of Facts and Findings and Sanction set forth below.

Stipulation of Facts and Findings

1. During all relevant periods herein, Morgan Stanley was an Exchange Trading Permit Holder registered to conduct business as a Broker Dealer.
2. During all relevant periods herein, Morgan Stanley was acting as a registered Broker-Dealer.
3. During all relevant periods noted herein, Cboe Rule 4.2 – Adherence to Law and Rule 14e-4 – Prohibited Transactions in Connection with Partial Tender Offers, promulgated under the Exchange Act, as amended, were in full force and effect.
4. Market Regulation staff conducted an investigation to determine whether any violations of Rule 14e-4, promulgated under the Exchange Act, occurred in connection with the partial tender offer for Lockheed Martin Corp. ("LMT") that commenced on July 11, 2016 and expired on August 16, 2016.
5. Rule 14e-4(b), promulgated under the Exchange Act, provides, in relevant part: "It shall be unlawful for any person acting alone or in concert with others, directly or indirectly, to tender any subject security in a partial tender offer... (1) For his own account unless at the time of tender, and at the end of the proration period...he has a net long position equal to or greater than the amount tendered in... the subject security... or...an equivalent security..."
6. On or about August 16, 2016, Morgan Stanley tendered 39,511 shares for the partial tender offer in LMT in excess of its net long position.

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7. The acts, practices, and conduct described in Paragraph 6, above, constitute a violation of Cboe Rule 4.2 and Exchange Act Rule 14e-4 by Morgan Stanley, in that Morgan Stanley tendered shares for the partial tender offer in LMT in excess of its net long position.

Sanction: A \$20,000 fine, a censure and disgorgement in the amount of \$108,501.

Subject acknowledges that it has read the foregoing Letter of Consent, that no promise or inducement of any kind has been made to it by the Exchange or its staff, and that this Letter of Consent is voluntary on its part.

Subject understands and acknowledges that the Exchange's decision in this matter will become part of its disciplinary record and may be considered in any future Exchange proceeding.

Subject also acknowledges that the Chief Regulatory Officer's decision to accept or reject this Letter of Consent is final, and that it may not seek review thereof in accordance with Exchange Rule 17.3.

Date

5/15/2019

\_\_\_\_\_  
Morgan Stanley & Co. LLC

Print Name

Title

\_\_\_\_\_  
Managing Director + Counsel