

MODIFICATION NOTICE

To	Morgan Stanley & Co International Limited
Address	Level 5, West Wing, The Gate, PO Box: 506501, Dubai, United Arab Emirates
DFSA Firm Reference No.	F000168
Notice No.	W073/2008

THE DFSA HEREBY GIVES NOTICE THAT:

The Rules specified in the left hand column of the table herein do not apply to the above mentioned Person in the form appearing in the Rulebook but instead apply as modified in the right hand column of the table.

RULES MODIFIED

The Rules specified in the left hand column are modified to the extent shown in the right hand column of the table below. In this table, underlining indicates new text and striking through indicates deleted text, otherwise the Rule remains unaltered. Where a significant number of the paragraphs of the Rule remain un-altered the entire Rule may not be reproduced in the table. In such circumstances the un-altered parts of the Rule will be referred to by the relevant identifying paragraph number or letter, as the case may be.

Rule	Modified Text
GEN 8.2.1	<p>(1) An Authorised Person must prepare and maintain all financial accounts and statements in accordance with:</p> <p style="padding-left: 40px;">(a) <u>the International Financial Reporting Standards (IFRS);</u> or</p> <p style="padding-left: 40px;">(b) the generally accepted accounting principles of United Kingdom (UK GAAP);</p> <p style="padding-left: 40px;">unless (2) or (3) applies.</p> <p>(2) If an Authorised Firm is an Islamic Financial Institution it must prepare and maintain all financial accounts and statements in accordance with the</p>

	<p>accounting standards of the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI).</p> <p>(3) If an Authorised Person operates an Islamic Window it must prepare and maintain all financial accounts and statements in accordance with the IFRS, as supplemented by AAOIFI FAS 18 in respect of its Islamic Financial Business.</p>
<p>GEN 8.6.1</p>	<p>An Authorised Firm or Authorised Market Institution, as applicable, must in writing require its auditor to:</p> <p>(a) conduct an audit of the Authorised Person's accounts in accordance with the requirements of the relevant standards published by:</p> <p style="padding-left: 40px;">(i) the International Auditing and Assurance Standards Board (IAASB) <u>or the Auditing Standards issued by the UK Auditing Practices Board (APB)</u>, in respect of conventional financial business; and</p> <p style="padding-left: 40px;">(ii) the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI) in respect of any Islamic Financial Business undertaken;</p> <p>(b) produce a report on the audited accounts which states:</p> <p style="padding-left: 40px;">(i) whether, in the auditor's opinion, the accounts have been properly prepared in accordance with the requirements imposed by this chapter;</p> <p style="padding-left: 40px;">(ii) in particular, whether the accounts give a true and fair view of the financial position of the Authorised Person for the financial year and of the state of the Authorised Person's affairs at the end of the financial year end; and</p> <p style="padding-left: 40px;">(iii) any other matter or opinion relating to the requirements of this chapter;</p> <p>(c) produce an Auditor's Annual Report which states whether:</p>

	<ul style="list-style-type: none"> (i) the auditor has audited the Authorised Person's annual financial statements in accordance with the IAASB or <u>APB auditing standards</u> or AAOIFI <u>auditing standards</u> in respect of Islamic Financial Business; (ii) the auditor has carried out any other procedures considered necessary, having regard to the IAASB or <u>APB auditing standards</u> and to AAOIFI auditing standards in respect of Islamic Financial Business; (iii) the auditor has received all necessary information and explanations for the purposes of preparing this report to the DFSA; (iv)and so on as per the Rulebook text up to and including (h).
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CONDITIONS

The Modification remains in effect for the duration of the period set out below on condition that the above named Person to whom this notice applies carries on Financial Services through a Branch in the DIFC.

If any one or more of the conditions stated above is breached, this notice ceases to have effect forthwith and the Rules specified in the table herein apply to the above mentioned Person in their unmodified form as they appear in the applicable module of the Rulebook in force at the relevant time.

EFFECTIVE PERIOD

This notice comes into effect on the date of issue of this notice and remains in force until **31 December 2009** or until further notice, whichever is the earlier.

INTERPRETATION

The provisions in this notice are to be construed in accordance with GEN section 6.2 as if these provisions are provisions of the Rulebook.

Defined terms are identified in this notice by the capitalisation of the initial letter of a word or of each word in a phrase and are defined in the Glossary (GLO). Unless the context otherwise requires, where capitalisation of the initial letter is not used, an expression has its natural meaning.

THIS NOTICE IS ISSUED UNDER ARTICLE 25 OF THE REGULATORY LAW 2004 BY:

Name : David Knott

Position : Chief Executive

DATE OF ISSUE: 17-November-2008