



May 26, 2009

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Ms. Rosalie Yee  
Assistant Vice President  
Bank Applications Function  
Federal Reserve Bank of New York  
New York, NY 10045-0001

**Re: Comment on Morgan Stanley China Trust Application**

Dear Ms. Yee:

I am writing from Woodstock Institute, a fair lending, wealth creation, and regulatory reform organization working to advance economic security and community prosperity, to oppose the acquisition of China Trust Financial Holding Company by Morgan Stanley and request that the Federal Reserve clarify the regulatory framework for Morgan Stanley's Community Reinvestment Act (CRA) responsibilities.

We believe that Morgan Stanley Bank now has CRA responsibilities beyond its historic Salt Lake County Utah CRA Assessment Area since it converted to a bank holding company. Since Morgan Stanley does not meet any of the exemptions of Section 2c2 of the Bank Holding Company Act, we believe that, in addition to its existing Salt Lake County Utah CRA Assessment Area, it now has CRA assessment areas based on the locations of all 500 Morgan Stanley Branches that provide full deposit services. We ask the Federal Reserve to require Morgan Stanley to provide a full CRA plan that details how it will provide deposit services, mortgage loans, small business loans, and community development investments, loans and services for low and moderate income households in the assessment areas of its 500 branches.

We recognize that the conversion of Morgan Stanley to a bank holding company seven months ago occurred during a time of crisis and the Federal Reserve deemed it unnecessary for the bank to be fully compliant with regulations that require the development of internal operations, new products and community relationships. However, in light of Morgan Stanley's proposed acquisition a minority stake in the *China Trust Financial Holding Company*, it is reasonable that the Federal Reserve Bank should require Morgan Stanley Bank to develop a Community Reinvestment Plan as part of its review of Morgan Stanley's operations.

Sincerely,

Tom Feltner  
Policy and Communications Director