

Susan McLaughlin/NY/FRS

09/16/2008 08:01 AM

To

William BRODOWS/NY/FRS@FRS

cc

Brian Peters/NY/FRS@FRS, Arthur Angulo/NY/FRS@FRS,
Chris Burke/NY/FRS@FRS, Sandy Krieger/NY/FRS@FRS

bcc

Subject

Re: Morgan Stanley potential PDCF usage on
tuesdayCBC1194050110C2B8525777B00572E7E

Thanks - I have a personal matter to attend to this am that will delay me, but I expect to be in by 10:30 and will be checking email this am. Let me know what you hear...

Susan McLaughlin, VP
Markets Group
Federal Reserve Bank of New York
1.212.720.1321

----- Original Message -----

From: William BRODOWS

Sent: 09/15/2008 11:05 PM EDT

To: Susan McLaughlin

Cc: Brian Peters; Arthur Angulo; Chris Burke; Sandy Krieger

Subject: Morgan Stanley potential PDCF usage on tuesday

Susan -

David Wong (Treasurer), David Russo (Assistant Treasurer) and Tom Wipf (Global Funding) called me at home tonight to express their concern that MS had experienced some adverse funding flows late in the day from prime brokerage accounts. They were preparing for a worsening on Tuesday although they indicated no customers had given them advance notice of withdrawals or non-rollovers of tri-party repo. In their "dark" scenario, they felt their PDCF usage would increase to \$10-15 billion. At Brian's and Art's suggestion, I gave them your phone number and told them to inform us as soon as possible. We have a 10:30am call scheduled, but I expect to hear from them well before that. I will forward any news. Please feel free to contact them as well.

David Wong: 917 215 0911 cell; 212 762 4100 office
David Russo: 646 625 9325 cell; 212 762 4171 office