

Morgan Stanley

(incorporated under the laws of the State of Delaware in the United States of America)

as Issuer

Issue of €4,400,000 Series 9168, Tranche 3 Fixed to Floating Rate Registered Notes due 2031 (the “Tranche 3 Notes”) and €5,000,000 Series 9168, Tranche 4 Fixed to Floating Rate Registered Notes due 2031 (the “Tranche 4 Notes”) (each to be consolidated and form a single series with the Issuer’s €100,000,000 Series 9168, Tranche 1 Fixed to Floating Rate Registered Notes due 2031 and €15,000,000 Series 9168, Tranche 2 Fixed to Floating Rate Registered Notes due 2031) (the “Notes”)

This prospectus (this “**Prospectus**”) comprises (i) this document, and (ii) the documents and information specified in the section headed “Incorporation by Reference” below.

This Prospectus has been approved by the Central Bank of Ireland (the “**Central Bank**”), as competent authority under Directive 2003/71/EC, which expression shall include any amendments thereto, including Directive 2010/73/EU (the “**2010 PD Amending Directive**”) (the “**Prospectus Directive**”). The Central Bank only approves this Prospectus as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive. Such approval relates only to the Notes which are to be admitted to trading on a regulated market for the purposes of Directive 2004/39/EC and/or which are to be offered to the public in any Member State of the European Economic Area. This document constitutes a Prospectus for the purposes of the Prospectus Directive. Application has been made to the Irish Stock Exchange for the Notes to be admitted to the official list (the “**Official List**”) and trading on its regulated market (the “**Main Securities Market**”). The Main Securities Market is a regulated market for the purposes of Directive 2004/39/EC (the “**Markets in Financial Instruments Directive**”). No assurance can be given that any such application will be successful.

Investing in the Notes involves risks. See “Risk Factors” beginning on page 5 of this Prospectus.

THE NOTES ARE NOT DEPOSITS OR SAVINGS ACCOUNTS AND ARE NOT INSURED BY THE UNITED STATES FEDERAL DEPOSIT INSURANCE CORPORATION OR ANY OTHER GOVERNMENTAL AGENCY OR INSTRUMENTALITY OR DEPOSIT PROTECTION SCHEME ANYWHERE, NOR ARE THEY OBLIGATIONS OF, OR GUARANTEED BY, A BANK.

THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION AND STATE SECURITIES REGULATORS HAVE NOT APPROVED OR DISAPPROVED THESE SECURITIES, OR DETERMINED IF THIS PROSPECTUS IS TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE.

Neither Morgan Stanley (the “Issuer”) nor Morgan Stanley & Co. International plc (“MSI plc”) has taken or will take any action in any country or jurisdiction that would permit a public offering of the Notes or possession or distribution of any offering material in relation to a public offering in any country or jurisdiction outside the United States where action for that purpose is required. Each investor must comply with all applicable laws and regulations in each country or jurisdiction in or from which the investor purchases, offers, sells or delivers such Notes or has in the investor’s possession or distributes this Prospectus.

Morgan Stanley’s short-term and long-term debt has been respectively rated (i) R-1 (middle) and A (high), with a stable outlook, by DBRS, Inc. (“**DBRS**”), (ii) F1 and A, with a stable outlook, by Fitch Ratings, Inc. (“**Fitch**”), (iii) P-2 and A3, with a stable outlook, by Moody’s Investors Service, Inc. (“**Moody’s**”), (iv) a-1 and A-, with a stable outlook, by Ratings and Investment Information, Inc. (“**R&I**”) and (v) A-2 and BBB+, with a stable outlook, by Standard & Poor’s Financial Services LLC through its business unit Standard & Poor’s Global Ratings (“**S&P**”).

DBRS is not established in the European Economic Area (the “**EEA**”) but the rating it has assigned to Morgan Stanley may be endorsed by DBRS Ratings Limited, a rating agency which is established in the EEA and registered under Regulation 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, as amended (the “**CRA Regulation**”) by the relevant competent authority.

Fitch is not established in the EEA but the rating it has assigned to Morgan Stanley is endorsed by Fitch Ratings Limited, a rating agency established in the EEA and registered under the CRA Regulation by the relevant competent authority.

Moody’s is not established in the EEA but the rating it has assigned to Morgan Stanley is endorsed by Moody’s Investors Service Limited, a rating agency established in the EEA and registered under the CRA Regulation by the relevant competent authority.

R&I is not incorporated in the EEA and is not registered under the CRA Regulation.

S&P is not established in the EEA but the rating it has assigned to Morgan Stanley is, with effect from 9 April 2012, endorsed by Standard & Poor’s Credit Market Services Europe Limited, a rating agency established in the EEA and registered under the CRA Regulation.

The language of this Prospectus is English.

The Notes will be governed by the laws of the State of New York.

MORGAN STANLEY

17 November 2016

IMPORTANT NOTICES

This Prospectus comprises a prospectus for the purposes of Article 5 of the Prospectus Directive.

Morgan Stanley accepts responsibility for the information contained in this Prospectus. To the best of the knowledge and belief of Morgan Stanley (which has taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

No person has been authorised by Morgan Stanley to give any information or to make any representation not contained or incorporated by reference in this Prospectus or any other document entered into in relation to the Notes, and, if given or made, that information or representation should not be relied upon as having been authorised by Morgan Stanley. Neither the delivery of this Prospectus nor the offering, sale or delivery of any Notes will, in any circumstances, create any implication that the information contained in this Prospectus is true subsequent to the date hereof, or that there has been no adverse change in the financial situation of Morgan Stanley since the date hereof or that any other information supplied in connection with the Notes is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same. Investors should review, *inter alia*, the most recent financial statements of Morgan Stanley when evaluating the Notes or an investment therein. Such financial statements shall not form a part of this Prospectus unless they have been expressly incorporated herein. In case of any websites mentioned in this Prospectus, Morgan Stanley does not accept responsibility for the information appearing on such websites. For the avoidance of doubt, the information appearing on such websites and pages does not form part of this Prospectus save to the extent expressly incorporated by reference herein.

The distribution of this Prospectus and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by Morgan Stanley to inform themselves about, and to observe, those restrictions. This Prospectus may not be used for the purpose of an offer or solicitation by anyone in any jurisdiction in which that offer or solicitation is not authorised or to any person to whom it is unlawful to make such an offer or solicitation.

This Prospectus does not constitute an offer of or an invitation to subscribe for or purchase any Notes and should not be considered as a recommendation by Morgan Stanley that any recipient of this Prospectus should subscribe for or purchase any Notes. Each recipient of this Prospectus will be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of Morgan Stanley and of the terms of the Notes.

Prospective investors should consult their own legal and financial advisors as to any specific risks for them in the light of their own circumstances entailed by the purchase of, or holding of, or the receipt of any payments on the Notes or otherwise by an investment in the Notes, for example, as a result of their being residents of or subject to tax in any jurisdiction.

Total expenses related to the admission to trading of the Notes is about €6,800.

This Prospectus should be read and construed with any amendment or supplement hereto and with any other documents incorporated by reference herein.

THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED, (THE “SECURITIES ACT”) OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. THE NOTES MAY NOT BE OFFERED, SOLD, PLEDGED, ASSIGNED, DELIVERED OR OTHERWISE TRANSFERRED, EXERCISED OR REDEEMED AT ANY TIME, DIRECTLY OR INDIRECTLY,

WITHIN THE UNITED STATES, WHICH TERM INCLUDES THE TERRITORIES, THE POSSESSIONS AND ALL OTHER AREAS SUBJECT TO THE JURISDICTION OF THE UNITED STATES, OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT).

FOR A DESCRIPTION OF THESE AND CERTAIN FURTHER RESTRICTIONS ON OFFERS, SALES AND TRANSFERS OF THE SECURITIES AND DISTRIBUTION OF THIS PROSPECTUS, SEE “*PLAN OF DISTRIBUTION*” AND “*NO OWNERSHIP BY U.S. PERSONS*”.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE ISSUER AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THE NOTES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION OR ANY OTHER REGULATORY AUTHORITY IN THE UNITED STATES NOR HAVE ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF THE OFFERING OF ANY NOTES OR THE ACCURACY OR THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES.

THE NOTES HAVE NOT BEEN RECOMMENDED BY ANY UNITED STATES FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE.

TABLE OF CONTENTS

	Page
RISK FACTORS	6
INCORPORATION BY REFERENCE.....	21
DESCRIPTION OF MORGAN STANLEY	25
DESCRIPTION OF THE NOTES	26
CERTAIN U.S. FEDERAL INCOME TAX CONSIDERATIONS	39
PLAN OF DISTRIBUTION	41
NO OWNERSHIP BY U.S. PERSONS	44
USE OF PROCEEDS.....	45
BENEFIT PLAN INVESTOR CONSIDERATIONS.....	46
GENERAL INFORMATION	48

RISK FACTORS

This section describes the principal risks of investing in the Notes. Prospective investors should read the entire Prospectus. Words and expressions defined elsewhere in this Prospectus have the same meanings in this section. Prospective investors should consider, among other things, the following:

RISKS RELATING TO MORGAN STANLEY

The following are risks that may affect Morgan Stanley and its ability to fulfil its obligations under the Notes.

Market Risk

Market risk refers to the risk that a change in the level of one or more market prices, rates, indices, implied volatilities (the price volatility of the underlying instrument imputed from option prices), correlations or other market factors, such as market liquidity, will result in losses for a position or portfolio owned by Morgan Stanley.

Morgan Stanley's results of operations may be materially affected by market fluctuations and by global and economic conditions and other factors.

Morgan Stanley's results of operations have been in the past and may be materially affected by market fluctuations due to global and economic conditions and other factors, including the level and volatility of equity, fixed income and commodity prices (including oil prices), interest rates, currency values and other market indices. The results of Morgan Stanley's Institutional Securities business segment, particularly results relating to its involvement in primary and secondary markets for all types of financial products, are subject to substantial market fluctuations due to a variety of factors that Morgan Stanley cannot control or predict with great certainty. These fluctuations impact results by causing variations in new business flows and in the fair value of securities and other financial products. Fluctuations also occur due to the level of global market activity, which, among other things, affects the size, number and timing of investment banking client assignments and transactions and the realization of returns from its principal investments. During periods of unfavourable market or economic conditions, the level of individual investor participation in the global markets, as well as the level of client assets, may also decrease, which would negatively impact the results of Morgan Stanley's Wealth Management business segment. In addition, fluctuations in global market activity could impact the flow of investment capital into or from assets under management or supervision and the way customers allocate capital among money market, equity, fixed income or other investment alternatives, which could negatively impact its Investment Management business segment.

The value of Morgan Stanley's financial instruments may be materially affected by market fluctuations.

Market volatility, illiquid market conditions and disruptions in the credit markets make it extremely difficult to value certain of its financial instruments, particularly during periods of market displacement. Subsequent valuations in future periods, in light of factors then prevailing, may result in significant changes in the values of these instruments and may adversely impact historical or prospective performance-based fees (also known as incentive fees or carried interest) in respect of certain business. In addition, at the time of any sales and settlements of these financial instruments, the price Morgan Stanley ultimately realises will depend on the demand and liquidity in the market at that time and may be materially lower than their current fair value. Any of these factors could cause a decline in the value of Morgan Stanley's financial instruments, which may have an adverse effect on its results of operations in future periods.

In addition, financial markets are susceptible to severe events evidenced by rapid depreciation in asset values accompanied by a reduction in asset liquidity. Under these extreme conditions, hedging and other risk management strategies may not be as effective at mitigating trading losses as they would be under more normal market conditions. Moreover, under these conditions market participants are particularly exposed to trading strategies employed by many market participants simultaneously and on a large scale. Morgan Stanley's risk management and monitoring processes seek to quantify and mitigate risk to more extreme market moves. However, severe market events have historically been difficult to predict and Morgan Stanley could realise significant losses if extreme market events were to occur.

Holding large and concentrated positions may expose Morgan Stanley to losses.

Concentration of risk may reduce revenues or result in losses in Morgan Stanley's market-making, investing, block trading, underwriting and lending businesses in the event of unfavourable market movements. Morgan Stanley commits substantial amounts of capital to these businesses, which often results in its taking large positions in the securities of, or making large loans to, a particular issuer or issuers in a particular industry, country or region.

Credit Risk

Credit risk refers to the risk of loss arising when a borrower, counterparty or issuer does not meet its financial obligations to Morgan Stanley

Morgan Stanley is exposed to the risk that third parties that are indebted to Morgan Stanley will not perform their obligations.

Morgan Stanley incurs significant credit risk exposure through its Institutional Securities business segment. This risk may arise from a variety of business activities, including but not limited to extending credit to clients through various loans and lending commitments; providing short or long-term funding that is secured by physical or financial collateral whose value may at times be insufficient to fully cover the loan repayment amount; entering into swap or other derivative contracts under which counterparties have obligations to make payments to it; posting margin and/or collateral and other commitments to clearing houses, clearing agencies, exchanges, banks, securities firms and other financial counterparties; and investing and trading in securities and loan pools whereby the value of these assets may fluctuate based on realised or expected defaults on the underlying obligations or loans.

Morgan Stanley also incurs credit risk in its Wealth Management business segment lending to mainly individual investors, including, but not limited to, margin and securities-based loans collateralised by securities, residential mortgage loans and home equity lines of credit.

While Morgan Stanley believes current valuations and reserves adequately address its perceived levels of risk, adverse economic conditions may negatively impact its clients and its current credit exposures. In addition, as a clearing member of several central counterparties, Morgan Stanley finances its customer positions and it could be held responsible for the defaults or misconduct of its customers. Although Morgan Stanley regularly reviews its credit exposures, default risk may arise from events or circumstances that are difficult to detect or foresee.

A default by a large financial institution could adversely affect financial markets.

The commercial soundness of many financial institutions may be closely interrelated as a result of credit, trading, clearing or other relationships between the institutions. For example, increased centralisation of trading activities through particular clearing houses, central agents or exchanges as required by provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "**Dodd-Frank Act**") may increase its concentration of risk with respect to these entities. As a result, concerns about, or a default or threatened default by, one institution could lead to significant market-wide liquidity and credit problems, losses or

defaults by other institutions. This is sometimes referred to as “systemic risk” and may adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms and exchanges, with which Morgan Stanley interacts on a daily basis, and therefore could adversely affect it.

Operational Risk

Operational risk refers to the risk of loss, or of damage to Morgan Stanley’s reputation, resulting from inadequate or failed processes, people and systems or from external events (e.g., fraud, theft, legal and compliance risks, cyber attacks or damage to physical assets). Morgan Stanley may incur operational risk across the full scope of its business activities, including revenue-generating activities (e.g., sales and trading) and support and control groups (e.g., information technology and trade processing). Legal, regulatory and compliance risk is included in the scope of operational risk and is discussed below under “Legal, Regulatory and Compliance Risk.”

Morgan Stanley is subject to operational risks, including a failure, breach or other disruption of its operational or security systems, that could adversely affect its businesses or reputation.

Morgan Stanley’s businesses are highly dependent on its ability to process, on a daily basis, a large number of transactions across numerous and diverse markets in many currencies. In some of Morgan Stanley’s businesses, the transactions it processes are complex. In addition, Morgan Stanley may introduce new products or services or change processes, resulting in new operational risk that it may not fully appreciate or identify. The trend towards direct access to automated, electronic markets and the move to more automated trading platforms has resulted in using increasingly complex technology that relies on the continued effectiveness of the programming code and integrity of the data to process the trades. Morgan Stanley performs the functions required to operate its different businesses either by itself or through agreements with third parties. Morgan Stanley relies on the ability of its employees, its internal systems and systems at technology centres operated by unaffiliated third parties to process a high volume of transactions.

As a major participant in the global capital markets, Morgan Stanley maintains extensive controls to reduce the risk of incorrect valuation or risk management of its trading positions due to flaws in data, models, electronic trading systems or processes or due to fraud. Nevertheless, such risk cannot be completely eliminated.

Morgan Stanley also faces the risk of operational failure or termination of any of the clearing agents, exchanges, clearing houses or other financial intermediaries it uses to facilitate its securities transactions. In the event of a breakdown or improper operation of its or a third party’s systems or improper or unauthorised action by third parties or its employees, it could suffer financial loss, an impairment to its liquidity, a disruption of its businesses, regulatory sanctions or damage to its reputation. In addition, the interconnectivity of multiple financial institutions with central agents, exchanges and clearing houses, and the increased importance of these entities, increases the risk that an operational failure at one institution or entity may cause an industry-wide operational failure that could materially impact Morgan Stanley’s ability to conduct business.

Despite the business contingency plans Morgan Stanley has in place, there can be no assurance that such plans will fully mitigate all potential business continuity risks to it. Morgan Stanley’s ability to conduct business may be adversely affected by a disruption in the infrastructure that supports its business and the communities where it is located, which are concentrated in the New York metropolitan area, London, Hong Kong and Tokyo as well as Mumbai, Budapest, Glasgow and Baltimore. This may include a disruption involving physical site access, cyber incidents, terrorist activities, disease pandemics, catastrophic events, natural disasters, extreme weather events, electrical, environmental, computer servers, communications or other services it uses, Morgan Stanley’s employees or third parties with whom it conducts business.

Although Morgan Stanley devotes significant resources to maintaining and upgrading its systems and networks with measures such as intrusion and detection prevention systems, monitoring firewalls to safeguard critical business applications, and supervising third party providers that have access to its systems, there is no guarantee that these measures or any other measures can provide absolute security. Like other financial services firms, Morgan Stanley and its third party providers continue to be the subject of attempted unauthorised access, mishandling or misuse of information, computer viruses or malware, cyber attacks designed to obtain confidential information, destroy data, disrupt or degrade service, sabotage systems or cause other damage, denial of service attacks and other events. These threats may derive from human error, fraud or malice on the part of Morgan Stanley's employees or third parties, including third party providers, or may result from accidental technological failure. Additional challenges are posed by external extremist parties, including foreign state actors, in some circumstances as a means to promote political ends. Any of these parties may also attempt to fraudulently induce employees, customers, clients, third parties or other users of Morgan Stanley's systems to disclose sensitive information in order to gain access to its data or that of its customers or clients. There can be no assurance that such unauthorised access or cyber incidents will not occur in the future, and they could occur more frequently and on a more significant scale.

If one or more of these events occur, it could result in a security impact on Morgan Stanley's systems and jeopardise its or its clients', partners' or counterparties' personal, confidential, proprietary or other information processed and stored in, and transmitted through, Morgan Stanley's and its third party providers' computer systems. Furthermore, such events could cause interruptions or malfunctions in Morgan Stanley's, Morgan Stanley's clients', partners', counterparties' or third parties' operations, which could result in reputational damage with Morgan Stanley's clients and the market, client dissatisfaction, additional costs to Morgan Stanley (such as repairing systems or adding new personnel or protection technologies), regulatory investigations, litigation or enforcement, or regulatory fines or penalties, all or any of which could adversely affect Morgan Stanley's business, financial condition or results of operations.

Given Morgan Stanley's global footprint and the high volume of transactions it processes, the large number of clients, partners and counterparties with which it does business, and the increasing sophistication of cyber attacks, a cyber attack could occur and persist for an extended period of time without detection. Morgan Stanley expects that any investigation of a cyber attack would be inherently unpredictable and that it would take time before the completion of any investigation and before there is availability of full and reliable information. During such time Morgan Stanley would not necessarily know the extent of the harm or how best to remediate it, and certain errors or actions could be repeated or compounded before they are discovered and remedied, all or any of which would further increase the costs and consequences of a cyber attack.

While many of Morgan Stanley's agreements with partners and third party vendors include indemnification provisions, it may not be able to recover sufficiently, or at all, under such provisions to adequately offset any losses. In addition, although Morgan Stanley maintains insurance coverage that may, subject to policy terms and conditions cover certain aspects of cyber risks, such insurance coverage may be insufficient to cover all losses.

Liquidity and Funding Risk

Liquidity and funding risk refers to the risk that Morgan Stanley will be unable to finance its operations due to a loss of access to the capital markets or difficulty in liquidating its assets. Liquidity and funding risk also encompasses its ability to meet its financial obligations, including the Notes, without experiencing significant business disruption or reputational damage that may threaten its viability as a going concern.

Liquidity is essential to Morgan Stanley's businesses and Morgan Stanley relies on external sources to finance a significant portion of Morgan Stanley's operations.

Liquidity is essential to Morgan Stanley's businesses. Morgan Stanley's liquidity could be negatively affected by its inability to raise funding in the long-term or short-term debt capital markets or its inability to access the secured lending markets. Factors that Morgan Stanley cannot control, such as disruption of the financial markets or negative views about the financial services industry generally, including concerns regarding fiscal matters in the U.S. and other geographic areas, could impair its ability to raise funding. In addition, Morgan Stanley's ability to raise funding could be impaired if investors or lenders develop a negative perception of its long-term or short-term financial prospects due to factors such as an incurrence of large trading losses, a downgrade by the rating agencies, a decline in the level of its business activity, or if regulatory authorities take significant action against it or its industry, or it discovers significant employee misconduct or illegal activity. If Morgan Stanley is unable to raise funding using the methods described above, it would likely need to finance or liquidate unencumbered assets, such as its investment and trading portfolios, to meet maturing liabilities. Morgan Stanley may be unable to sell some of its assets, or it may have to sell assets at a discount to market value, either of which could adversely affect its results of operations, cash flows and financial condition, including with respect to the Notes.

Morgan Stanley's borrowing costs and access to the debt capital markets depend significantly on Morgan Stanley's credit ratings.

The cost and availability of unsecured financing generally are impacted by Morgan Stanley's short-term and long-term credit ratings. The rating agencies are continuing to monitor certain issuer specific factors that are important to the determination of Morgan Stanley's credit ratings, including governance, the level and quality of earnings, capital adequacy, funding and liquidity, risk appetite and management, asset quality, strategic direction, and business mix. Additionally, the rating agencies will look at other industry-wide factors such as regulatory or legislative changes including, for example, regulatory changes relating to total loss absorbing capacity requirements, macro-economic environment, and perceived levels of third party support, and it is possible that they could downgrade Morgan Stanley's ratings and those of similar institutions.

Morgan Stanley's credit ratings also can have a significant impact on certain trading revenues, particularly in those businesses where longer term counterparty performance is a key consideration, such as OTC derivative transactions, including credit derivatives and interest rate swaps. In connection with certain OTC trading agreements and certain other agreements associated with its Institutional Securities business segment, Morgan Stanley may be required to provide additional collateral to, or immediately settle any outstanding liability balance with, certain counterparties in the event of a credit ratings downgrade. Termination of Morgan Stanley's trading and other agreements could cause it to sustain losses and impair its liquidity by requiring it to find other sources of financing or to make significant cash payments or securities movements. The additional collateral or termination payments which may occur in the event of a future credit rating downgrade vary by contract and can be based on ratings by either or both of Moody's and S&P.

Morgan Stanley is a holding company and depends on payments from Morgan Stanley's subsidiaries.

Morgan Stanley is a parent holding company and depends on dividends, distributions and other payments from its subsidiaries to fund dividend payments and to fund all payments on its obligations, including debt obligations, such as the Notes. Regulatory, tax restrictions or elections and other legal restrictions may limit Morgan Stanley's ability to transfer funds freely, either to or from its subsidiaries. In particular, many of Morgan Stanley's subsidiaries, including its broker-dealer subsidiaries, are subject to laws, regulations and self-regulatory organization rules that authorize regulatory bodies to block or reduce the flow of funds to the parent holding company, or that prohibit such transfers altogether in certain circumstances, including steps to "ring fence" entities by regulators outside of the U.S. to protect clients and creditors of such entities in the event of financial difficulties involving such entities. These laws, regulations and rules may hinder Morgan

Stanley's ability to access funds that it may need to make payments on its obligations, including the Notes. Furthermore, as a bank holding company, Morgan Stanley may become subject to a prohibition or to limitations on its ability to pay dividends or repurchase its common stock. The Office of the Comptroller of the Currency (the "OCC"), the Federal Reserve System (the "Federal Reserve") and the Federal Deposit Insurance Corporation (the "FDIC") have the authority, and under certain circumstances, the duty, to prohibit or to limit the payment of dividends by the banking organizations they supervise, including Morgan Stanley and its U.S. Bank Subsidiaries Morgan Stanley Bank, N.A. ("MSBNA") and Morgan Stanley Private Bank, National Association ("MSPBNA") (collectively, "U.S. Bank Subsidiaries").

Morgan Stanley's liquidity and financial condition have in the past been, and in the future could be, adversely affected by U.S. and international markets and economic conditions.

Morgan Stanley's ability to raise funding in the long-term or short-term debt capital markets or the equity markets, or to access secured lending markets, has in the past been, and could in the future be, adversely affected by conditions in the U.S. and international markets and economies. Global market and economic conditions have been particularly disrupted and volatile in the last several years and may be in the future. In particular, Morgan Stanley's cost and availability of funding in the past have been, and may in the future be, adversely affected by illiquid credit markets and wider credit spreads. Significant turbulence in the U.S., the European Union and other international markets and economies could adversely affect its liquidity and financial condition and the willingness of certain counterparties and customers to do business with Morgan Stanley.

Legal, Regulatory and Compliance Risk

Legal, regulatory and compliance risk includes the risk of legal or regulatory sanctions, material financial loss including fines, penalties, judgments, damages and/or settlements, or loss to reputation Morgan Stanley may suffer as a result of its failure to comply with laws, regulations, rules, related self-regulatory organization standards and codes of conduct applicable to its business activities. This risk also includes contractual and commercial risk, such as the risk that a counterparty's performance obligations will be unenforceable. It also includes compliance with Anti Money Laundering ("AML") and terrorist financing rules and regulations. In today's environment of rapid and possibly transformational regulatory change, Morgan Stanley also views regulatory change as a component of legal, regulatory and compliance risk.

The financial services industry is subject to extensive regulation, which is undergoing major changes that will impact Morgan Stanley's business.

Like other major financial services firms, Morgan Stanley is subject to extensive regulation by U.S. federal and state regulatory agencies and securities exchanges and by regulators and exchanges in each of the major markets where Morgan Stanley conducts its business. These laws and regulations significantly affect the way Morgan Stanley does business and can restrict the scope of its existing businesses and limit its ability to expand its product offerings and pursue certain investments.

In response to the financial crisis, legislators and regulators, both in the U.S. and worldwide, have adopted, continue to propose and are in the process of adopting, finalizing and implementing a wide range of financial market reforms that are resulting in major changes to the way Morgan Stanley's global operations are regulated and conducted. In particular, as a result of these reforms, it is, or will become, subject to (among other things) significantly revised and expanded regulation and supervision, more intensive scrutiny of its businesses and any plans for expansion of those businesses, new activities limitations, a systemic risk regime that imposes heightened capital and liquidity requirements and other enhanced prudential standards, new resolution regimes and resolution planning requirements, new requirements for maintaining minimum amounts of external total loss-absorbing capacity and external long-term debt, new restrictions on activities and investments imposed by a section of the Banking Holding Company Act of 1956, as amended (the "BHC

Act”) added by the Dodd-Frank Act referred to as the “**Volcker Rule**”, and comprehensive new derivatives regulation. While certain portions of these reforms are effective, others are still subject to final rulemaking or transition periods. Many of the changes required by these reforms could materially impact the profitability of Morgan Stanley’s businesses and the value of assets it holds, expose it to additional costs, require changes to business practices or force it to discontinue businesses, adversely affect its ability to pay dividends and repurchase its stock, or require it to raise capital, including in ways that may adversely impact its shareholders or creditors. In addition, regulatory requirements that are being proposed by foreign policymakers and regulators may be inconsistent or conflict with regulations that Morgan Stanley is subject to in the U.S. and, if adopted, may adversely affect it. While there continues to be uncertainty about the full impact of these changes, Morgan Stanley does know that it is and will continue to be subject to a more complex regulatory framework, and will incur costs to comply with new requirements as well as to monitor for compliance in the future.

The application of regulatory requirements and strategies in the United States to facilitate the orderly resolution of large financial institutions may pose a greater risk of loss for the security holders of Morgan Stanley.

Pursuant to the Dodd-Frank Act, Morgan Stanley is required to submit to the Federal Reserve and the FDIC an annual resolution plan that describes its strategy for a rapid and orderly resolution under the U.S. Bankruptcy Code in the event of material financial distress or failure of Morgan Stanley. In addition, provided that certain procedures are met, Morgan Stanley can be subject to a resolution proceeding under the orderly liquidation authority under Title II of the Dodd-Frank Act with the FDIC being appointed as receiver. The FDIC’s power under the orderly liquidation authority to disregard the priority of creditor claims and treat similarly situated creditors differently in certain circumstances, subject to certain limitations, could adversely impact holders of Morgan Stanley’s unsecured debt. Further, because both Morgan Stanley’s resolution plan contemplates a single-point-of-entry (“**SPOE**”) strategy under the U.S. Bankruptcy Code and the FDIC has proposed an SPOE strategy through which it may apply its orderly liquidation authority powers, Morgan Stanley believes that the application of an SPOE strategy is the reasonably likely outcome if either its resolution plan were implemented or a resolution proceeding were commenced under the orderly liquidation authority. An SPOE strategy generally contemplates the provision of additional capital and liquidity by Morgan Stanley to certain subsidiaries in an effort to ensure that such subsidiaries have the resources necessary to implement the resolution strategy. Although this strategy, whether applied pursuant to Morgan Stanley’s resolution plan or in a resolution proceeding under the orderly liquidation authority, is intended to result in better outcomes for creditors overall, there is no guarantee that the application of an SPOE strategy will not result in greater losses for holders of Morgan Stanley’s securities compared to a different resolution strategy for the firm.

Regulators have taken and proposed various actions to facilitate an SPOE strategy under the U.S. Bankruptcy Code, the orderly liquidation authority or other resolution regimes. For example, the Federal Reserve has issued a proposed rule that would require top-tier bank holding companies of U.S. G-SIBs, including Morgan Stanley, to maintain minimum amounts of equity and eligible long-term debt (“total loss-absorbing capacity” or “**TLAC**”) in order to ensure that such institutions have enough loss-absorbing resources at the point of failure to be recapitalised through the conversion of debt to equity or otherwise by imposing losses on eligible TLAC where the SPOE strategy is used.

The financial services industry faces substantial litigation and is subject to extensive regulatory investigations, and Morgan Stanley may face damage to its reputation and legal liability.

As a global financial services firm, Morgan Stanley faces the risk of investigations and proceedings by governmental and self-regulatory organizations in all countries in which it conducts its business. Interventions by authorities may result in adverse judgments, settlements, fines, penalties, injunctions or other relief. In

addition to the monetary consequences, these measures could, for example, impact its ability to engage in, or impose limitations on, certain of its businesses. The number of these investigations and proceedings, as well as the amount of penalties and fines sought, has increased substantially in recent years with regard to many firms in the financial services industry, including Morgan Stanley. Significant regulatory action against Morgan Stanley could materially adversely affect its business, financial condition or results of operations or cause it significant reputational harm, which could seriously harm its business. The Dodd-Frank Act also provides compensation to whistleblowers who present the U.S. Securities and Exchange Commission (the “SEC”) or the U.S. Commodity Futures Trading Commission (the “CFTC”) with information related to securities or commodities law violations that leads to a successful enforcement action. As a result of this compensation, it is possible Morgan Stanley could face an increased number of investigations by the SEC or CFTC.

Morgan Stanley has been named, from time to time, as a defendant in various legal actions, including arbitrations, class actions, and other litigation, as well as investigations or proceedings brought by regulatory agencies, arising in connection with its activities as a global diversified financial services institution. Certain of the actual or threatened legal or regulatory actions include claims for substantial compensatory and/or punitive damages, claims for indeterminate amounts of damages, or may result in penalties, fines, or other results adverse to it. In some cases, the issuers that would otherwise be the primary defendants in such cases are bankrupt or in financial distress. Like any large corporation, Morgan Stanley is also subject to risk from potential employee misconduct, including non-compliance with policies and improper use or disclosure of confidential information.

Morgan Stanley may be responsible for representations and warranties associated with residential and commercial real estate loans and may incur losses in excess of its reserves.

Morgan Stanley originates loans secured by commercial and residential properties. Further, it securitises and trades in a wide range of commercial and residential real estate and real estate-related whole loans, mortgages and other real estate and commercial assets and products, including residential and commercial mortgage-backed securities. In connection with these activities, Morgan Stanley has provided, or otherwise agreed to be responsible for, certain representations and warranties. Under certain circumstances, Morgan Stanley may be required to repurchase such assets or make other payments related to such assets if such representations and warranties were breached. Morgan Stanley has also made representations and warranties in connection with its role as an originator of certain commercial mortgage loans that it securitised in commercial mortgage backed securities.

Morgan Stanley currently has several legal proceedings related to claims for alleged breaches of representations and warranties. If there are decisions adverse to it in those legal proceedings, it may incur losses substantially in excess of its reserves. In addition, its reserves are based, in part, on certain factual and legal assumptions. If those assumptions are incorrect and need to be revised, Morgan Stanley may need to adjust its reserves substantially.

Morgan Stanley’s commodities activities subject it to extensive regulation, potential catastrophic events and environmental risks and regulation that may expose it to significant costs and liabilities.

In connection with the commodities activities in its Institutional Securities business segment, Morgan Stanley engages in the production, storage, transportation, marketing and execution of transactions in several commodities, including metals, natural gas, electric power, emission credits and other commodity products. In addition, Morgan Stanley is an electricity power marketer in the U.S. and owns electricity generating facilities in the U.S. and owns a minority interest in Heidmar Holdings LLC, which owns a group of companies that provide international marine transportation and U.S. marine logistics services. As a result of these activities, Morgan Stanley is subject to extensive and evolving energy, commodities, environmental, health and safety

and other governmental laws and regulations. In addition, liability may be incurred without regard to fault under certain environmental laws and regulations for the remediation of contaminated areas. Further, through these activities Morgan Stanley is exposed to regulatory, physical and certain indirect risks associated with climate change.

Although Morgan Stanley has attempted to mitigate its environmental risks by, among other measures, selling or ceasing much of its prior petroleum storage and transportation activities and adopting appropriate policies and procedures for power plant operations and implementing emergency response programs, these actions may not prove adequate to address every contingency. In addition, insurance covering some of these risks may not be available, and the proceeds, if any, from insurance recovery may not be adequate to cover liabilities with respect to particular incidents. As a result, its financial condition, results of operations and cash flows may be adversely affected by these events.

The United States Bank Holding Company Act of 1956 (as amended) (the “**BHC Act**”) provides a grandfather exemption for “activities related to the trading, sale or investment in commodities and underlying physical properties,” provided that Morgan Stanley was engaged in “any of such activities as of 30 September 1997 in the United States” and provided that certain other conditions that are within its reasonable control are satisfied. If the Federal Reserve were to determine that any of its commodities activities did not qualify for the BHC Act grandfather exemption, then Morgan Stanley would likely be required to divest any such activities that did not otherwise conform to the BHC Act. Morgan Stanley also expects the other laws and regulations affecting its commodities business to increase in both scope and complexity. During the past several years, intensified scrutiny of certain energy markets by federal, state and local authorities in the U.S. and abroad and the public has resulted in increased regulatory and legal enforcement, litigation and remedial proceedings involving companies conducting the activities in which Morgan Stanley is engaged. In addition, new regulation of OTC derivatives markets in the U.S. and similar legislation proposed or adopted abroad will impose significant new costs and impose new requirements on Morgan Stanley’s commodities derivatives activities. Morgan Stanley may incur substantial costs or loss of revenue in complying with current or future laws and regulations and its overall businesses and reputation may be adversely affected by the current legal environment. In addition, failure to comply with these laws and regulations may result in substantial civil and criminal fines and penalties.

A failure to address conflicts of interest appropriately could adversely affect Morgan Stanley’s businesses and reputation.

As a global financial services firm that provides products and services to a large and diversified group of clients, including corporations, governments, financial institutions and individuals, Morgan Stanley faces potential conflicts of interest in the normal course of business. For example, potential conflicts can occur when there is a divergence of interests between Morgan Stanley and a client, among clients, or between an employee on the one hand and Morgan Stanley or a client on the other. Morgan Stanley has policies, procedures and controls that are designed to address potential conflicts of interest. However, identifying and mitigating potential conflicts of interest can be complex and challenging, and can become the focus of media and regulatory scrutiny. Indeed, actions that merely appear to create a conflict can put Morgan Stanley’s reputation at risk even if the likelihood of an actual conflict has been mitigated. It is possible that potential conflicts could give rise to litigation or enforcement actions, which may lead to its clients being less willing to enter into transactions in which a conflict may occur and could adversely affect its businesses and reputation.

Morgan Stanley’s regulators have the ability to scrutinise its activities for potential conflicts of interest, including through detailed examinations of specific transactions. Morgan Stanley’s status as a bank holding company supervised by the Federal Reserve subjects it to direct Federal Reserve scrutiny with respect to transactions between its U.S. Bank Subsidiaries and their affiliates.

Risk Management

Morgan Stanley's risk management strategies, models and processes may not be fully effective in mitigating its risk exposures in all market environments or against all types of risk.

Morgan Stanley has devoted significant resources to develop its risk management policies and procedures and expects to continue to do so in the future. Nonetheless, its risk management strategies, models and processes, including its use of various risk models for assessing market exposures and hedging strategies, stress testing and other analysis, may not be fully effective in mitigating its risk exposure in all market environments or against all types of risk, including risks that are unidentified or unanticipated. As its businesses change and grow, and the markets in which it operates evolve, its risk management strategies, models and processes may not always adapt with those changes. Some of Morgan Stanley's methods of managing risk are based upon its use of observed historical market behaviour and management's judgment. As a result, these methods may not predict future risk exposures, which could be significantly greater than the historical measures indicate. In addition, many models Morgan Stanley uses are based on assumptions or inputs regarding correlations among prices of various asset classes or other market indicators and therefore cannot anticipate sudden, unanticipated or unidentified market or economic movements, which could cause it to incur losses.

Management of market, credit, liquidity, operational, legal, regulatory and compliance risks requires, among other things, policies and procedures to record properly and verify a large number of transactions and events, and these policies and procedures may not be fully effective. Morgan Stanley's trading risk management strategies and techniques also seek to balance its ability to profit from trading positions with its exposure to potential losses. While Morgan Stanley employs a broad and diversified set of risk monitoring and risk mitigation techniques, those techniques and the judgments that accompany their application cannot anticipate every economic and financial outcome or the timing of such outcomes. For example, to the extent that Morgan Stanley's trading or investing activities involve less liquid trading markets or are otherwise subject to restrictions on sale or hedging, it may not be able to reduce its positions and therefore reduce its risk associated with such positions. Morgan Stanley may, therefore, incur losses in the course of its trading or investing activities.

Competitive Environment

Morgan Stanley faces strong competition from other financial services firms, which could lead to pricing pressures that could materially adversely affect its revenue and profitability.

The financial services industry and all aspects of Morgan Stanley's businesses are intensely competitive, and Morgan Stanley expects them to remain so. Morgan Stanley competes with commercial banks, brokerage firms, insurance companies, electronic trading and clearing platforms, financial data repositories, sponsors of mutual funds, hedge funds, energy companies and other companies offering financial or ancillary services in the U.S., globally and through the internet. Morgan Stanley competes on the basis of several factors, including transaction execution, capital or access to capital, products and services, innovation, technology, reputation, risk appetite and price. Over time, certain sectors of the financial services industry have become more concentrated, as institutions involved in a broad range of financial services have left businesses, been acquired by or merged into other firms or have declared bankruptcy. Such changes could result in Morgan Stanley's remaining competitors gaining greater capital and other resources, such as the ability to offer a broader range of products and services and geographic diversity, or new competitors may emerge. Morgan Stanley has experienced and may continue to experience pricing pressures as a result of these factors and as some of its competitors seek to obtain market share by reducing prices. In addition, certain of Morgan Stanley's competitors may be subject to different, and in some cases, less stringent, legal and regulatory regimes, than Morgan Stanley is, thereby putting it at a competitive disadvantage.

Automated trading markets may adversely affect Morgan Stanley's business and may increase competition.

Morgan Stanley has experienced intense price competition in some of its businesses in recent years. In particular, the ability to execute securities, derivatives and other financial instrument trades electronically on exchanges, swap execution facilities and other automated trading platforms has increased the pressure on bid-offer spreads, commissions, markups or comparable fees. The trend toward direct access to automated, electronic markets will likely continue and will likely increase as additional markets move to more automated trading platforms. Morgan Stanley has experienced, and it is likely that it will continue to experience, competitive pressures in these and other areas in the future as some of its competitors may seek to obtain market share by reducing bid-offer spreads, commissions, markups or comparable fees.

Morgan Stanley's ability to retain and attract qualified employees is critical to the success of its business and the failure to do so may materially adversely affect its performance.

Morgan Stanley's people are its most important resource and competition for qualified employees is intense. If Morgan Stanley is unable to continue to attract and retain highly qualified employees, or does so at rates or in forms necessary to maintain its competitive position, or if compensation costs required to attract and retain employees become more expensive, its performance, including its competitive position, could be materially adversely affected. The financial industry has experienced and may continue to experience more stringent regulation of employee compensation, including limitations relating to incentive-based compensation, clawback requirements and special taxation, which could have an adverse effect on its ability to hire or retain the most qualified employees.

International Risk

Morgan Stanley is subject to numerous political, economic, legal, operational, franchise and other risks as a result of its international operations which could adversely impact its businesses in many ways.

Morgan Stanley is subject to political, economic, legal, tax, operational, franchise and other risks that are inherent in operating in many countries, including risks of possible nationalization, expropriation, price controls, capital controls, exchange controls, increased taxes and levies and other restrictive governmental actions, as well as the outbreak of hostilities or political and governmental instability. In many countries, the laws and regulations applicable to the securities and financial services industries are uncertain and evolving, and it may be difficult for Morgan Stanley to determine the exact requirements of local laws in every market. Morgan Stanley's inability to remain in compliance with local laws in a particular market could have a significant and negative effect not only on its business in that market but also on its reputation generally. Morgan Stanley is also subject to the enhanced risk that transactions it structures might not be legally enforceable in all cases.

Various emerging market countries have experienced severe political, economic and financial disruptions, including significant devaluations of their currencies, defaults or potential defaults on sovereign debt, capital and currency exchange controls, high rates of inflation and low or negative growth rates in their economies. Crime and corruption, as well as issues of security and personal safety, also exist in certain of these countries. These conditions could adversely impact its businesses and increase volatility in financial markets generally.

The emergence of a disease pandemic or other widespread health emergency, or concerns over the possibility of such an emergency as well as natural disasters, terrorist activities or military actions, could create economic and financial disruptions in emerging markets and other areas throughout the world, and could lead to operational difficulties (including travel limitations) that could impair Morgan Stanley's ability to manage its businesses around the world.

As a U.S. company, Morgan Stanley is required to comply with the economic sanctions and embargo programs administered by OFAC and similar multi-national bodies and governmental agencies worldwide, as well as applicable anti-corruption laws in the jurisdictions in which it operates, such as the U.S. Foreign Corrupt Practices Act and the U.K. Bribery Act. A violation of a sanction, embargo program or anti-corruption law could subject Morgan Stanley, and individual employees, to a regulatory enforcement action as well as significant civil and criminal penalties.

Acquisition, Divestiture and Joint Venture Risk

Morgan Stanley may be unable to fully capture the expected value from acquisitions, divestitures, joint ventures, minority stakes and strategic alliances.

In connection with past or future acquisitions, divestitures, joint ventures or strategic alliances (including with Mitsubishi UFJ Financial Group, Inc.), Morgan Stanley faces numerous risks and uncertainties combining, transferring, separating or integrating the relevant businesses and systems, including the need to combine or separate accounting and data processing systems and management controls and to integrate relationships with clients, trading counterparties and business partners. In the case of joint ventures and minority stakes, Morgan Stanley is subject to additional risks and uncertainties because it may be dependent upon, and subject to liability, losses or reputational damage relating to, systems, controls and personnel that are not under its control.

In addition, conflicts or disagreements between Morgan Stanley and any of its joint venture partners may negatively impact the benefits to be achieved by the relevant joint venture.

There is no assurance that any of its acquisitions or divestitures will be successfully integrated or disaggregated or yield all of the positive benefits anticipated. If Morgan Stanley is not able to integrate or disaggregate successfully its past and future acquisitions or dispositions, there is a risk that its results of operations, financial condition and cash flows may be materially and adversely affected.

Certain of Morgan Stanley's business initiatives, including expansions of existing businesses, may bring it into contact, directly or indirectly, with individuals and entities that are not within its traditional client and counterparty base and may expose it to new asset classes and new markets. These business activities expose Morgan Stanley to new and enhanced risks, greater regulatory scrutiny of these activities, increased credit-related, sovereign and operational risks, and reputational concerns regarding the manner in which these assets are being operated or held.

Risk relating to the exercise of potential resolution measures powers

The application of regulatory requirements and strategies in the United States to facilitate the orderly resolution of large financial institutions may pose a greater risk of loss for the holders of securities issued by Morgan Stanley.

RISKS RELATING TO THE NOTES

Foreign currency risks

Prospective investors should consult their financial and legal advisers as to any specific risks entailed by an investment in Notes that are denominated or payable in a currency other than the currency of the country in which they are resident or in which they conduct their business, referred to as their “home currency.” Such Notes are not appropriate investments for investors who are not sophisticated in foreign currency transactions.

Exchange rates and exchange controls may affect Notes’ value or return

General Exchange Rate and Exchange Control Risks. An investment in a Note denominated or payable in currencies other than the investor’s home currency entails significant risks. The risks include the possibility of significant changes in rates of exchange between its home currency and the other relevant currencies and the possibility of the imposition or modification of exchange controls by the relevant governmental entities. These risks generally depend on economic and political events over which Morgan Stanley has no control.

Exchange Rates Will Affect the Investor’s Investment. In recent years, rates of exchange between some currencies have been highly volatile and this volatility may continue in the future. Fluctuations in any particular exchange rate that have occurred in the past are not necessarily indicative, however, of fluctuations that may occur during the term of any Note. Depreciation against the investor’s home currency or the currency in which a Note is payable would result in a decrease in the effective yield of the Note below its coupon rate and could result in an overall loss to an investor on the basis of the investor’s home currency.

Morgan Stanley Has No Control Over Exchange Rates. Currency exchange rates can either float or be fixed. Exchange rates of most economically developed nations are permitted to fluctuate in value relative to each other. However, from time to time governments may use a variety of techniques, such as intervention by a country’s central bank, the imposition of regulatory controls or taxes, or changes in interest rates to influence the exchange rates of their currencies. Governments may also issue a new currency to replace an existing currency or alter the exchange rate or relative exchange characteristics by a devaluation or revaluation of a currency. These governmental actions could change or interfere with currency valuations and currency fluctuations that would otherwise occur in response to economic forces, as well as in response to the movement of currencies across borders.

As a consequence, these government actions could adversely affect yields or payouts in the investor’s home currency for Notes denominated or payable in currencies other than the investor’s home currency.

Morgan Stanley will not make any adjustment or change in the terms of the Notes in the event that exchange rates should become fixed, or in the event of any devaluation or revaluation or imposition of exchange or other regulatory controls or taxes, or in the event of other developments affecting any currency. The investor will bear those risks.

Some Currencies May Become Unavailable. Governments have imposed from time to time, and may in the future impose, exchange controls that could also affect the availability of a currency. Even if there are no actual exchange controls, it is possible that the applicable currency for any security would not be available when payments on that security are due.

Alternative Payment Method Used If Payment Currency Becomes Unavailable. If a payment currency is unavailable in respect of Notes, Morgan Stanley would make required payments in U.S. dollars on the basis of the market exchange rate, which might be an extremely unfavourable rate at the time of any such unavailability.

Currency conversions may affect payments

Payments on the Notes may be made in U.S. dollars if the euro is unavailable. In such a case, Morgan Stanley & Co. International plc, in its capacity as exchange rate agent, or a different exchange rate agent, will convert the currencies. The investor will bear the costs of conversion through deductions from those payments. Morgan Stanley & Co. International plc is Morgan Stanley's affiliate.

Fixed interest rate

The Notes will pay a fixed rate during the Fixed Interest Rate Period and so investors are exposed to the risk that the price of such Notes may fall as a result of changes in the current interest rate on the capital market.

Variable interest rate

The Notes pay a fixed rate of interest during the Fixed Interest Rate Period, and thereafter the amount of interest payable will be dependent on the Base Rate, which references the rates for interest rate swaps. The historical performance of the Base Rate should not be taken as an indication of future performance during the term of the Notes. Changes in the levels of the Base Rate will affect the trading price of the Notes, but it is impossible to predict whether such levels will rise or fall. There can be no assurance that the Base Rate will be positive (although the Notes will not bear negative interest). Therefore, the returns on the Notes may be lower than an investment in a product paying a fixed rate of interest.

The amount of interest payable on the Notes for each Interest Period during the Floating Interest Rate Period is capped

The interest rate on the Notes for each Interest Period during the Floating Interest Rate Period is capped at 5.00 per cent. per annum. As a consequence, holders of Notes will not benefit fully from an increase in the Base Rate and the returns on the Notes may be lower than an investment in a product giving an uncapped exposure to the Base Rate.

Secondary trading of the Notes may be limited

There may be little or no secondary market for the Notes. Even if there is a secondary market, it may not provide enough liquidity to allow the investor to sell or trade the Notes easily. Affiliates of Morgan Stanley may from time to time make a market in the Notes, but they are not required to do so. If at any time such affiliates of Morgan Stanley were to cease making a market in the Notes, it is likely that there would be little or no secondary market for the Notes.

Exchange rates may affect the value of a New York judgment involving non-U.S. dollar securities

The securities will be governed by and construed in accordance with the laws of the State of New York. If a New York court were to enter a judgment in an action on any securities denominated in a foreign currency, such court would enter a judgment in the foreign currency and convert the judgment or decree into U.S. dollars at the prevailing rate of exchange on the date such judgment or decree is entered.

The Notes are not insured bank deposits

The Notes are not deposits or savings accounts and are not insured by the FDIC or any other governmental agency or instrumentality or deposit protection scheme anywhere, nor are they obligations of, or guaranteed by, a bank.

The Notes may be redeemed prior to maturity

If the Notes are declared to be due and payable early pursuant to an event of default, the amount payable by Morgan Stanley may be less than the amount that would have been paid had the Notes been redeemed at maturity.

In addition, in the circumstance of an event of default by Morgan Stanley, the investor would have an unsecured claim against Morgan Stanley for the amount due on the early redemption of the Notes.

The Calculation Agent, which is a subsidiary of the Issuer, will make certain determinations with respect to the Notes

The Calculation Agent is an affiliate of the Issuer. Any of the determinations made by the Calculation Agent may adversely affect the payout to investors. Moreover, certain determinations made by the Calculation Agent may require it to exercise discretion and make subjective judgments, such as with respect to the Base Rate. The economic interests of the Calculation Agent may be adverse to investors' interests. These potentially subjective determinations may adversely affect the payout to holders of the Notes.

The Notes are subject to the credit risk of Morgan Stanley

The Notes are senior unsecured obligations of Morgan Stanley, and all payments on the Notes, including the repayment of principal, are subject to the credit risk of Morgan Stanley.

INCORPORATION BY REFERENCE

The following documents (or parts thereof) shall be deemed to be incorporated into and form part of this Prospectus:

- (A) the following sections of the Registration Document dated 10 June 2016 (which has been approved by the Luxembourg Commission de Surveillance du Secteur Financier and is available in electronic form at: www.morganstanleyiq.eu):
- Risk Factors (excluding the sections headed "Risk Factors specific to MSBV, MSFL & MSI plc" and "Applicable Resolution Powers" on pages 11-14) on pages 1-11;
 - Description of Morgan Stanley on pages 22-60;
 - Selected Financial Information of Morgan Stanley on page 61;
 - Significant Subsidiaries of Morgan Stanley as at 31 December 2015 on pages 75-88; and
 - Index of Defined Terms on page 89.
- (B) the section "Part B – Consequential Amendments to the Registration Document" on pages 4-7 of the First Supplement to the Registration Document dated 19 October 2016 (as set out at: www.morganstanleyiq.eu).
- (C) the following sections of Morgan Stanley's Quarterly Report on Form 10-Q for the quarterly period ended 30 September 2016 (as set out at www.morganstanley.com/about-us-ir):
- Consolidated Statements of Income (unaudited) on page 1;
 - Consolidated Statements of Comprehensive Income (unaudited) on page 2;
 - Consolidated Balance Sheets (unaudited) on page 3;
 - Consolidated Statements of Changes in Total Equity (unaudited) on page 4;
 - Consolidated Statements of Cash Flows (unaudited) on page 5;
 - Notes to Consolidated Financial Statements (unaudited) on pages 6-54;
 - Report of Independent Registered Public Accounting Firm on page 55;
 - Management's Discussion and Analysis of Financial Condition and Results of Operations on pages 56-86;
 - Quantitative and Qualitative Disclosures about Market Risk on pages 87-96;
 - Controls and Procedures on page 97;
 - Financial Data Supplement (unaudited) on pages 98-100;
 - Legal Proceedings on page 101;
 - Unregistered Sales of Equity Securities and Use of Proceeds on page 102;
 - Other Information on page 102; and
 - Signatures on page 103.

(D) the following sections of Morgan Stanley's Quarterly Report on Form 10-Q for the quarterly period ended 30 June 2016 (as set out at www.morganstanley.com/about-us-ir):

- Consolidated Statements of Income (unaudited) on page 1;
- Consolidated Statements of Comprehensive Income (unaudited) on page 2;
- Consolidated Balance Sheets (unaudited) on page 3;
- Consolidated Statements of Changes in Total Equity (unaudited) on page 4;
- Consolidated Statements of Cash Flows (unaudited) on page 5;
- Notes to Consolidated Financial Statements (unaudited) on pages 6-70;
- Report of Independent Registered Public Accounting Firm on page 71;
- Management's Discussion and Analysis of Financial Condition and Results of Operations on pages 72-107;
- Quantitative and Qualitative Disclosures about Market Risk on pages 108-120;
- Controls and Procedures on page 121;
- Financial Data Supplement (unaudited) on pages 122-127;
- Legal Proceedings on page 128;
- Unregistered Sales of Equity Securities and Use of Proceeds on page 129; and
- Signatures on page 130.

(E) the following sections of Morgan Stanley's Quarterly Report on Form 10-Q for the quarterly period ended 31 March 2016 (as set out at www.morganstanley.com/about-us-ir):

- Condensed Consolidated Statements of Income (unaudited) on page 1;
- Condensed Consolidated Statements of Comprehensive Income (unaudited) on page 2;
- Condensed Consolidated Balance Sheet (unaudited) on page 3;
- Condensed Consolidated Statements of Changes in Total Equity (unaudited) on page 4;
- Condensed Consolidated Statements of Cash Flows (unaudited) on page 5;
- Notes to Condensed Consolidated Financial Statements (unaudited) on pages 6-66;
- Report of Independent Registered Public Accounting Firm on page 67;
- Management's Discussion and Analysis of Financial Condition and Results of Operations on pages 68-106;
- Quantitative and Qualitative Disclosures about Market Risk on pages 107-121;
- Controls and Procedures on page 122;
- Financial Data Supplement (unaudited) on pages 123-125;
- Legal Proceedings on page 126;
- Unregistered Sales of Equity Securities and Use of Proceeds on page 127; and

- Signature on page 128.
- (F) the following sections of Morgan Stanley's Annual Report on Form 10-K for the year ended 31 December 2015 (as set out at http://www.morganstanley.com/about-us-ir/pdf/MS_10K_December_31_2015_Final_w.bookmarks.pdf):
- Business on pages 1 to 12;
 - Risk Factors on pages 13 to 23;
 - Unresolved Staff Comments on page 23;
 - Properties on page 23;
 - Legal Proceedings on pages 24 to 32;
 - Mine Safety Disclosures on page 32;
 - Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities on pages 33 to 35;
 - Selected Financial Data on pages 36 and 37;
 - Management's Discussion and Analysis of Financial Condition and Results of Operations on pages 38 to 97;
 - Quantitative and Qualitative Disclosures about Market Risk on pages 98 to 120;
 - Financial Statements and Supplementary Data on pages 121 to 258;
 - Report of Independent Registered Public Accounting Firm on page 121;
 - Consolidated Statements of Income on page 122;
 - Consolidated Statements of Comprehensive Income on page 123;
 - Consolidated Statements of Financial Condition on page 124;
 - Consolidated Statements of Changes in Total Equity on page 125;
 - Consolidated Statements of Cash Flows on page 126;
 - Notes to Consolidated Financial Statements on pages 127 to 250;
 - Financial Data Supplement (Unaudited) on pages 251 to 258;
 - Changes in and Disagreements with Accountants on Accounting and Financial Disclosure on page 259;
 - Controls and Procedures on pages 259 to 261;
 - Other Information on page 261;
 - Directors, Executive Officers and Corporate Governance on page 262;
 - Executive Compensation on page 262;
 - Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters on page 262;

- Certain Relationships and Related Transactions, and Director Independence on page 262;
 - Principal Accountant Fees and Services on page 262;
 - Signatures on pages S-1 to S-2;
- (G) the following sections of Morgan Stanley's 2016 Proxy Statement dated 1 April 2016 relating to the 2016 Annual Meeting of Shareholders of Morgan Stanley (as set out at http://www.morganstanley.com/about-us-2016ams/pdf/Proxy_Statement.pdf):
- Overview of Voting Items on pages 5 to 10;
 - Corporate Governance on pages 11 to 34;
 - Audit Matters on pages 35 to 37;
 - Executive Compensation on pages 38 to 67;
 - Ownership of Our Stock on pages 68 to 70;
 - Equity Compensation Plan on pages 71 to 78;
 - Shareholder Proposals on pages 79 to 83;
 - Information About the Annual Meeting on pages 84 to 88; and
 - Annex A: 2007 Equity Incentive Plan (As Proposed to Be Amended) on pages A-1 to A-9.

Any statement contained in this Prospectus, or any other documents incorporated by reference herein, shall be deemed to be modified or superseded to the extent that a statement contained in any later document subsequently incorporated by reference modifies or supersedes such statement.

Any information contained in any of the documents specified above which is not incorporated by reference in this Prospectus is either not relevant to investors or is covered elsewhere in this Prospectus.

The documents incorporated by reference in this Prospectus shall not include any documents which are themselves incorporated by reference in such incorporated documents ("daisy chained" documents). Such daisy chained documents shall not form part of this Prospectus. Where only part of the documents listed above have been incorporated by reference, only information expressly incorporated by reference herein shall form part of this Prospectus and the non-incorporated parts are either not relevant for the investor or covered elsewhere in this Prospectus.

DESCRIPTION OF MORGAN STANLEY

Information in relation to Morgan Stanley can be found on pages 22 to 60 of the Registration Document dated 10 June 2016 in the section headed “*Description of Morgan Stanley*” (as amended by “Part B – Consequential Amendments to the Registration Document” on pages 4-7 of the First Supplement to the Registration Document dated 19 October 2016), incorporated by reference in the “Incorporation by Reference” section of this Prospectus.

Morgan Stanley files annual, quarterly and current reports, proxy statements and other information with the SEC. Investors may read and copy any document that Morgan Stanley files with the SEC at the SEC’s public reference room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at +1-800-SEC-0330 for information on the public reference room. The SEC maintains an internet site that contains annual, quarterly and current reports, proxy and information statements and other information that issuers (including Morgan Stanley) file electronically with the SEC. Morgan Stanley’s electronic SEC filings are available to the public at the SEC’s internet site <http://www.sec.gov/>. Morgan Stanley also makes available, through its Investor Relations webpage, a link to the SEC’s internet site. You can access Morgan Stanley’s Investor Relations webpage at <http://www.morganstanley.com/about-us-ir/>. The information contained on Morgan Stanley’s website shall not form part of this Prospectus, unless such information has been expressly incorporated herein.

DESCRIPTION OF THE NOTES

General

The Tranche 3 Notes comprise €4,400,000 aggregate principal amount of Series 9168, Tranche 3 Fixed to Floating Rate Registered Notes Due 2031. The Tranche 4 Notes comprise €5,000,000 aggregate principal amount of Series 9168, Tranche 4 Fixed to Floating Rate Registered Notes Due 2031. The Notes will be consolidated and form a single series with the Series 9168 notes issued by Morgan Stanley (the “**Issuer**”), comprising the €100,000,000 Series 9168, Tranche 1 Fixed to Floating Rate Registered Notes due 2031, issued on 26 January 2016 (“**Tranche 1**”) and the €15,000,000 Series 9168, Tranche 2 Fixed to Floating Rate Registered Notes due 2031, issued on 17 June 2016 (“**Tranche 2**”). The Notes are debt securities of Morgan Stanley issued under an indenture dated as of 15 November 2000 between Morgan Stanley and The Bank of New York Mellon, London Branch (as successor to The Chase Manhattan Bank, London Branch) as trustee (the “**Trustee**”) (as supplemented from time to time, the “**Indenture**”). The Notes are part of a series of Notes entitled Notes, Series A under that Indenture.

The following summaries of certain provisions of the Indenture and the Notes do not purport to be complete, and those summaries are subject to the detailed provisions of the Indenture.

The Indenture does not limit the amount of additional indebtedness that Morgan Stanley or any of its subsidiaries may incur, nor does it include a negative pledge provision that would require Morgan Stanley to secure the Notes if it were to secure other senior indebtedness. The Indenture allows Morgan Stanley to “reopen” a previous issue of Notes and issue additional Notes of that issue and to repurchase some or all of the Notes. The Tranche 3 Notes and Tranche 4 Notes comprise, respectively, the third and fourth Tranche of the notes issued as Series 9168 issued by Morgan Stanley. The aggregate principal amount of Tranche 1 on issue was €100,000,000. Morgan Stanley repurchased and cancelled €19,400,000 of the Tranche 1 notes on 9 March 2016. Following the issue of the Tranche 2 notes, the aggregate principal amount of the Series 9168 notes was €95,600,000. Following the issue of the Tranche 3 Notes on 1 November 2016, the aggregate principal amount of the Series 9168 notes was €100,000,000. Upon issuance of the Tranche 4 Notes on 17 November 2016, the aggregate principal amount of the Series 9168 notes will be €105,000,000. The Notes will be direct and general obligations of Morgan Stanley. Most of the assets of Morgan Stanley are owned by its subsidiaries. Therefore, Morgan Stanley’s rights and the rights of its creditors, including holders of Notes, to participate in the assets of any subsidiary upon that subsidiary’s liquidation or recapitalisation will be subject to the prior claims of that subsidiary’s creditors, except to the extent that Morgan Stanley may itself be a creditor with recognised claims against the subsidiary. In addition, dividends, loans and advances from certain subsidiaries to Morgan Stanley are restricted by legal requirements, including (in the case of Morgan Stanley & Co. LLC (“**MS & Co.**”)) net capital requirements under the U.S. Securities Exchange Act of 1934, as amended, and under rules of certain exchanges and other regulatory bodies and (in the case of Morgan Stanley Bank, N.A., an indirect wholly owned subsidiary of Morgan Stanley, and other bank subsidiaries) by banking regulations.

The issue price of the Notes is 100 per cent. of their principal amount (which is inclusive of interest accrued from and including 26 January 2016 (being the issue date of Tranche 1) to but excluding the Issue Date). The Notes are denominated in euro, meaning that the “specified currency” applicable to the Notes is euro.

The material provisions of the Notes are summarised below.

Definitions. For the purpose of this Prospectus:

“**Base Rate**” means, in relation to any Interest Period during the Floating Interest Rate Period, a rate determined by the Calculation Agent equal to the Floating Rate.

A “**business day**” means any day (i) on which dealings in deposits in euro are transacted in the London interbank market and (ii) is a TARGET Settlement Day.

“**Business Day Convention**” has the meaning given to it in “*Description of the Notes - Interest*” below.

“**Calculation Agent**” means Morgan Stanley & Co. International plc.

“**Clearstream, Luxembourg**” means Clearstream Banking, *société anonyme*, Luxembourg.

“**Day Count Fraction**” means 30/360, being the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360x(Y_2 - Y_1)] + [30x(M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“**Y1**” is the year, expressed as a number, in which the first day of the Interest Period falls;

“**Y2**” is the year, expressed as a number, in which the day immediately following the last day included in the Interest Period falls;

“**M1**” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

“**M2**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Interest Period falls;

“**D1**” is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D1 will be 30; and

“**D2**” is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30.

“**Euroclear**” means Euroclear Bank S.A./N.V.

“**Floating Rate**” means the rate for an Interest Reset Date will be the annual swap rate for euro swap transactions with a maturity of 10 years, expressed as a percentage, which appears on the Thomson Reuters screen page <ICESWAP2> (or any replacement page which displays that rate) as of 11:00 a.m., Frankfurt time, on the day that is two TARGET Settlement Days preceding that Interest Reset Date. If such rate does not appear on the Thomson Reuters screen page <ICESWAP2> (or any replacement page which displays that rate), the rate for that Interest Reset Date will be equal to a rate determined by the Calculation Agent acting in a commercially reasonable manner and good faith according to best market practice.

“**Interest Payment Date**” means 26 January in each calendar year from and including 26 January 2017 to and including the Maturity Date, subject to adjustment in accordance with the Business Day Convention.

“**Interest Period**” means the period from, and including 26 January 2016 to, but excluding, the first Interest Payment Date and any subsequent period from, and including, an Interest Payment Date to, but excluding, the next Interest Payment Date, or in the case of the final Interest Period, the Maturity Date. No adjustment will be made to any Interest Period.

“**Interest Rate**” means:

- (i) in respect of any Interest Period falling in the period from, and including, 26 January 2016 to, but excluding, the Interest Payment Date falling on 26 January 2019 (the “**Fixed Interest Rate Period**”), 3.00 per cent. per annum; and

- (ii) in respect of any Interest Period from, and including, the Interest Payment Date falling on 26 January 2019 to but excluding 26 January 2031 (the “**Floating Interest Rate Period**”), the Base Rate plus the Spread,

subject to a minimum Interest Rate of the Minimum Interest Rate and a maximum Interest Rate of the Maximum Interest Rate.

“**Interest Reset Date**” means the first day of each Interest Period during the Floating Interest Rate Period.

“**Issue Date**” means 1 November 2016 in respect of the Tranche 3 Notes and 17 November 2016 in respect of the Tranche 4 Notes.

“**Maturity Date**” means 26 January 2031, subject to adjustment in accordance with the Business Day Convention for payments only.

For any definitive registered note, the “**record date**” for any Interest Payment Date is the date 15 calendar days prior to that Interest Payment Date, whether or not that date is a business day. For any global registered note, the “**record date**” for any Interest Payment Date is the date one clearing system business day before such Interest Payment Date, where “**clearing system business day**” means a day on which each clearing system for which such global registered note is being held is open for business.

“**Maximum Interest Rate**” means 5.00 per cent. per annum.

“**Minimum Interest Rate**” means 0.00 per cent. per annum.

“**Registrar**” means The Bank of New York Mellon (Luxembourg) S.A. (as successor to JPMorgan Chase Bank, N.A.).

“**Relevant Clearing System**” means Euroclear and Clearstream.

“**Spread**” means 0 per cent. per annum.

“**TARGET Settlement Day**” means any day on which the Trans-European Automated Real-time Gross Settlement Express Transfer payment system, which utilises a single platform and which was launched on 19 November 2007 is open for the settlement of payment in euro.

References to “**U.S. dollars**” and “**U.S.\$**” and “**\$**” are to the currency of the United States of America.

References to “**Euro**”, “**euro**”, “**€**” and “**EUR**” are to the lawful single currency of the member states of the European Union that have adopted and continue to retain a common single currency through monetary union in accordance with European Union treaty law (as amended from time to time).

Form

The Notes will be in global registered form, represented by a global Note registered in the name of a nominee of a common depositary for Euroclear and Clearstream, Luxembourg. Unless and until it is exchanged in whole for securities in definitive registered form, the registered global Note may not be transferred except as a whole by and among the depositary for the registered global Note, the nominees of the depositary or any successors of the depositary or those nominees.

The Notes will initially be in the form of a registered global Note which will be exchangeable in whole, but not in part, for individual Note certificates if:

- (a) the Relevant Clearing System is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business; or
- (b) any of the circumstances described in “– *Events of Default*” below occurs.

Whenever the registered global Note is to be exchanged for individual Note certificates, the Issuer shall procure that individual Note certificates will be issued in an aggregate principal amount equal to the principal amount of the registered global Note within five business days of the delivery, by or on behalf of the holder of the registered global Note to the Registrar of such information as is required to complete and deliver such individual Note certificates (including, without limitation, the names and addresses of the persons in whose names the individual Note certificates are to be registered and the principal amount of each such person's holding) against the surrender of the registered global Note at the specified office of the Registrar.

Such exchange will be effected in accordance with the provisions of the Indenture and the regulations concerning the transfer and registration of Notes scheduled thereto and, in particular, shall be effected without charge to any holder, but against such indemnity as the Registrar may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such exchange.

Denomination of the Notes

The denomination of the Notes is €100,000 and integral multiples of €1,000 in excess thereof.

Security Identification Number

The security identification numbers of the Notes are as follows:

ISIN: XS1344635468

Common Code: 134463546

Ranking of the Notes

The Notes constitute part of the senior debt of Morgan Stanley and rank on a parity with all of the other unsecured and unsubordinated debt of Morgan Stanley, subject to statutory exceptions in the event of liquidation upon insolvency.

Transfers and Exchanges

Morgan Stanley has initially designated The Bank of New York Mellon, London Branch (as successor to JPMorgan Chase Bank, N.A., London Branch), as a transfer and paying agent for the Notes and its principal paying agent for the Notes (“**Principal Paying Agent**”) outside the United States. Any initial designation by Morgan Stanley of an agent may be rescinded at any time, except that, so long as any of the Notes are admitted to listing on the Official List of the Irish Stock Exchange and to trading on the regulated market of the Irish Stock Exchange plc and the Irish Stock Exchange requires it, Morgan Stanley will maintain a transfer agent and a paying agent in London. Morgan Stanley will, to the extent possible as a matter of law, maintain a paying agent in a member state of the European Union that will not be obligated to withhold or deduct tax pursuant to any such Directive or any law implementing or complying with, or introduced in order to conform to, such Directive.

A holder may present the Notes for registration of transfer or exchange at the offices of the registrar that Morgan Stanley designates. Morgan Stanley has designated The Bank of New York Mellon (Luxembourg) S.A. as its registrar for the Notes. All references to a registrar will include any successor registrar that Morgan Stanley appoints. Morgan Stanley can rescind its initial designation of the registrar or a transfer agent at any time.

Morgan Stanley will not be required to:

- register the transfer of or exchange any Note to be redeemed for a period of fifteen calendar days preceding the first publication or other transmission, if applicable, of the relevant notice of redemption, or if any Notes are outstanding and there is no publication, the mailing of the relevant notice of redemption; or

- register the transfer of or exchange any Note selected for redemption, in whole or in part, except the unredeemed or unpaid portion of that registered note being redeemed or repaid in part.

No service charge will be made for any registration of transfer or exchange of Notes, but Morgan Stanley may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection with the registration of transfer of Notes.

Interest

The Notes will bear interest which will accrue from 26 January 2016 at the Interest Rate calculated by reference to the aggregate principal amount of the Notes until the principal is paid in full or made available for payment.

Interest during the Fixed Interest Period

The interest during the Fixed Interest Rate Period will be calculated by applying 3 per cent. to the aggregate principal amount of the Notes, multiplying the product by the Day Count Fraction.

Interest during the Floating Interest Period

During the Floating Interest Rate Period the Interest Rate shall be equal to the Base Rate plus the Spread. The Interest Rate shall in no event be less than the Minimum Interest Rate or greater than the Maximum Interest Rate. In addition, the Interest Rate may not be higher than the maximum rate permitted by New York law, as that rate may be modified by United States federal law of general application.

During the Floating Interest Rate Period the Interest Rate on the Notes shall be reset annually on each Interest Reset Date. For the purposes of determining the new Interest Rate applicable to the next Interest Period during the Floating Interest Rate Period the Calculation Agent shall determine the Base Rate on the relevant Interest Reset Date.

If an Interest Reset Date falls on a day that is not a business day, it will be postponed to the following business day, except that, if that business day is in the next calendar month, the Interest Reset Date will be the immediately preceding business day.

The interest during the Floating Interest Rate Period will be calculated by applying the Interest Rate applicable to the relevant Interest Period to the aggregate principal amount of the Notes, multiplying the product by the Day Count Fraction.

For these calculations, the Interest Rate in effect on any Interest Reset Date will be the applicable rate as determined on that date to be the annual swap rate for euro swap transactions with a maturity of 10 years which appears on the Thomson Reuters screen page <ICESWAP2> (or any replacement page which displays that rate) as of 11:00 a.m., Frankfurt time, on the day that is two TARGET Settlement Days preceding that Interest Reset Date. If such rate does not appear on the relevant page on the day that is two TARGET Settlement Days preceding the relevant Interest Reset Date, the Base Rate will be equal to a rate determined by the Calculation Agent acting in a commercially reasonable manner and good faith according to best market practice.

General provisions in respect of accrual, calculation and payment of interest under the Notes

Interest on the Notes will accrue from and including the most recent Interest Payment Date to which interest has been paid or duly provided for, or, if no interest has been paid or duly provided for, from and including 26 January 2016. Interest will accrue to but excluding the next Interest Payment Date or, if earlier, excluding the date on which the principal has been paid or duly made available for payment (except as described below).

Interest payments for the Notes will include accrued interest from and including 26 January 2016 or from and including the last date in respect of which interest has been paid or duly provided for, as the case may be, to but excluding the relevant Interest Payment Date or Maturity Date or earlier redemption or repayment, as the case may be.

Upon the request of the Trustee, the Principal Paying Agent or the holder of any Notes, the Calculation Agent will provide the Interest Rate then in effect.

Payments of interest on the Notes will be made on each Interest Payment Date.

If any scheduled Interest Payment Date is not a business day, Morgan Stanley will pay interest on the immediately succeeding business day (the “**Business Day Convention**”), but interest on that payment will not accrue during the period from and after the Interest Payment Date. If the scheduled Maturity Date or date of redemption or repayment is not a business day, Morgan Stanley will pay principal, interest and/or supplemental amounts, if any, on the immediately succeeding business day, but interest on that payment will not accrue during the period from and after the Maturity Date or date of redemption or repayment.

All percentages used in or resulting from any calculation of the rate of interest on the Notes will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, with .000005 per cent rounded up to .00001 per cent, and all U.S. dollar amounts used in or resulting from these calculations on Notes will be rounded to the nearest cent, with one-half cent rounded upward. All amounts denominated in any other currency used in or resulting from these calculations will be rounded to the nearest two decimal places in that currency, with .005 rounded up to .01.

Interest and Principal Payments

Payments of principal and interest on the Notes will be in euro. Unless alternative arrangements are made, Morgan Stanley will pay such principal and interest to an account at a bank outside the United States, which will be made by credit or transfer to a euro account specified by the payee in a country for which the euro is the lawful currency.

Recipients of Payments. The Principal Paying Agent will pay interest to the person in whose name the debt security is registered at the close of business on the applicable record date. However, upon maturity or redemption, the Principal Paying Agent will pay any interest due to the person to whom it pays the principal of the Notes. The Principal Paying Agent will make the payment of interest on the Maturity Date or redemption date, whether or not that date is an Interest Payment Date. The Principal Paying Agent will make the initial interest payment on the Notes on the first Interest Payment Date falling after the Issue Date.

Unavailability of Foreign Currency. Euro may not be available to Morgan Stanley for making payments of principal or interest on the Notes. This could occur due to the imposition of exchange controls or other circumstances beyond Morgan Stanley’s control or if euro is no longer used by the government of the country issuing euro or by public institutions within the international banking community for the settlement of transactions. If the euro is unavailable, Morgan Stanley may satisfy its obligations to holders of the Notes by making those payments on the date of payment in U.S. dollars on the basis of the noon dollar buying rate in The City of New York for cable transfers of euro, published by the Federal Reserve Bank of New York, which is referred to herein as the “market exchange rate.” If that rate of exchange is not then available or is not published for euro, the market exchange rate will be based on the highest bid quotation in The City of New York received by the exchange rate agent (the “**Exchange Rate Agent**”) (initially Morgan Stanley & Co. International plc, an affiliate of Morgan Stanley) at approximately 11:00 a.m., New York City time, on the second business day preceding the applicable payment date from three recognised foreign exchange dealers for the purchase by the quoting dealer:

- of euro for settlement on the payment date;

- in the aggregate amount of euro payable to those holders or beneficial owners of the Notes; and
- at which the applicable dealer commits to execute a contract.

If those bid quotations are not available, the Exchange Rate Agent will determine the market exchange rate at its sole discretion. All determinations by the Exchange Rate Agent will, in the absence of manifest error, be conclusive for all purposes and binding on Morgan Stanley and the Noteholders. If the Exchange Rate Agent is not an affiliate of Morgan Stanley, it may be one of the dealers providing quotations.

For the avoidance of doubt, any payment made in U.S. dollars on the basis of the market exchange rate where the euro is unavailable will not constitute an Event of Default under the Indenture.

Unclaimed Principal or Interest. If money is paid by Morgan Stanley and held by the Trustee or any paying agent for payment of the principal or interest on the Notes that remain unclaimed at the end of two years after that principal or interest has become due and payable at maturity or otherwise:

- the Trustee or the paying agent will notify the holders of the Notes that money will be repaid to Morgan Stanley and any person claiming that money will thereafter look only to Morgan Stanley for payment, and
- that money will be repaid to Morgan Stanley.

Upon that repayment all liability of the Trustee or such paying agent with respect to those moneys will thereupon cease, without, however, limiting in any way any obligation that Morgan Stanley may have to pay the principal of, or any interest and/or supplemental amounts on, the Notes as the same will become due.

If the principal of any Note is declared to be due and payable immediately pursuant to an Event of Default as described under “—*Events of Default*” below, the amount of principal due and payable on that Note will be limited to:

- (i) the aggregate principal amount of the Note multiplied by
- (ii) 100% of the aggregate principal amount of the Note, plus
- (iii) the accrued and unpaid interest.

Redemption and Repurchase of Notes

Maturity Date: The Notes will be redeemed at 100 per cent of their aggregate principal amount on the Maturity Date.

Optional Redemption by Morgan Stanley. The Notes cannot be redeemed prior to the Maturity Date.

Open Market Purchases by Morgan Stanley. Morgan Stanley may purchase the Notes at any price in the open market or otherwise. Notes so purchased by Morgan Stanley may, at its discretion, be held or resold or surrendered to the Trustee for cancellation.

Indenture

References in parentheses below are to sections in the Indenture. Wherever particular sections or defined terms of the Indenture are referred to, those sections or defined terms of the Indenture that are incorporated herein by reference as part of the statement made, and the statement is qualified in its entirety by such reference.

Covenants Restricting Mergers and Other Significant Actions

Merger, Consolidation, Sale, Lease or Conveyance. The Indenture provides that Morgan Stanley will not merge or consolidate with any other person and will not sell, lease or convey all or substantially all of its assets to any other person, unless:

- Morgan Stanley will be the continuing corporation; or
- the successor corporation or person that acquires all or substantially all of Morgan Stanley's assets;
- if a successor to Morgan Stanley will be a corporation organized under the laws of the United States, a state of the United States or the District of Columbia; and
- will expressly assume all of Morgan Stanley's obligations under the Indenture and the Notes issued under the Indenture; and
- immediately after the merger, consolidation, sale, lease or conveyance, Morgan Stanley, that person or that successor corporation will not be in default in the performance of the covenants and conditions of the Indenture applicable to us. (Indenture, Section 9.01).

Absence of Protections Against All Potential Actions of Morgan Stanley. There are no covenants or other provisions in the Indenture that would afford the Noteholders additional protection in the event of a recapitalization transaction, a change of control of Morgan Stanley or a highly leveraged transaction. The merger covenant described above would only apply if the recapitalization transaction, change of control or highly leveraged transaction were structured to include a merger or consolidation of Morgan Stanley or a sale, lease or conveyance of all or substantially all of Morgan Stanley's assets.

Events of Default

The Indenture provides the holders of the Notes with certain remedies if Morgan Stanley fails to perform specific obligations, such as making payments on the Notes or other indebtedness, or if Morgan Stanley becomes bankrupt. Holders should review these provisions and understand which of Morgan Stanley's actions trigger an event of default and which actions do not.

An event of default ("**Event of Default**") is defined under the Indenture, with respect to any series of debt securities issued under the Indenture, as being:

- default in payment for seven days of any principal of the Notes of that series, either at maturity or upon any redemption, by declaration or otherwise;
- default for 30 days in payment of any interest and/or supplemental amount payable in accordance with the terms of the Notes of that series;
- default for 60 days after written notice in the observance or performance of any covenant or agreement in the Notes of that series or the Indenture (other than a covenant or warranty with respect to the Notes of that series the breach or nonperformance of which is otherwise included in the definition of "event of default");
- events of bankruptcy, insolvency or reorganization; or
- any other event of default provided in the supplemental indenture under which that series of Notes is issued. (Indenture, Section 5.01).

The debt securities issued under the Indenture will not have the benefit of any cross-default or cross-acceleration provisions with Morgan Stanley's other indebtedness.

Acceleration of the Notes upon an Event of Default. The Indenture provides that:

- if an Event of Default due to the default in payment of principal of, premium if any, or interest due with respect to, any series of debt securities issued under the Indenture, or due to the default in the performance or breach of any other covenant or warranty of Morgan Stanley applicable to the debt securities of that series but not applicable to all outstanding debt securities issued under that indenture occurs and is continuing, either the Trustee or the holders of not less than 25 per cent in aggregate principal amount of the outstanding debt securities of each affected series, voting as one class, by notice in writing to Morgan Stanley and to the Trustee, if given by security holders, may declare the principal of all debt securities of each affected series and interest accrued thereon to be due and payable immediately; and
- if an Event of Default due to a default in the performance of any other covenants or agreements in that Indenture applicable to all outstanding debt securities issued under that Indenture or due to certain events of bankruptcy, insolvency or reorganization of Morgan Stanley, occurs and is continuing, either the Trustee or the holders of not less than 25 per cent in aggregate principal amount of all outstanding debt securities issued under that Indenture, voting as one class, by notice in writing to Morgan Stanley and to the trustee, if given by security holders, may declare the principal of all those debt securities and interest accrued thereon to be due and payable immediately. (Indenture, Section 5.01).

Annulment of Acceleration and Waiver of Defaults. The Indenture provides that:

- in some circumstances, if any and all events of default under the indenture, other than the non-payment of the principal of the securities that has become due as a result of an acceleration, have been cured, waived or otherwise remedied, then the holders of a majority in aggregate principal amount of all series of outstanding debt securities affected, voting as one class, may waive past defaults and rescind and annul past declarations of acceleration of the Notes (except a continuing default in payment of principal, premium, if any, or interest on such debt securities). (Indenture, Section 5.01); and
- prior to the acceleration of any debt securities, the holders of a majority in aggregate principal amount of all series of outstanding debt securities with respect to which an event of default has occurred and is continuing, voting as one class, may waive any past default or event of default, other than a default in respect of a covenant or provision in the indenture that cannot be modified or amended without the consent of the holder of each debt security affected. (Indenture, Section 5.10).

Indemnification of Trustee for Certain Actions Taken on Behalf of Holders of the Notes. The Indenture contains a provision entitling the Trustee, subject to the duty of the Trustee during a default to act with the required standard of care, to be indemnified by the holders of the Notes before proceeding to exercise any trust or power under the Indenture at the request of such holders. (Indenture, Section 6.02). Subject to these provisions and some other limitations, the holders of a majority in aggregate principal amount of each series of outstanding Notes of each affected series, voting as one class, may direct the time, method and place of conducting any proceeding for any remedy available to the trustee, or exercising any trust or power conferred on the Trustee. (Indenture, Section 5.09).

In connection with the exercise of its powers, trusts, authorities or discretions, the Trustee shall have regard to the interests of the holders of the relevant series of Notes affected or of all outstanding Notes affected, as the case may be, as a class. In particular, but without limitation, the Trustee shall not have regard to the consequences of such exercise for individual holders of the relevant series of Notes affected or of all outstanding Notes affected, as the case may be, resulting from such individual holders being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory. The Trustee shall not be entitled to require, nor shall any holder of the relevant series of Notes affected or of

all outstanding Notes affected (as the case may be) be entitled to claim, from Morgan Stanley any indemnification or payment in respect of any tax consequence of any such exercise upon individual holders of the relevant series of Notes affected or of all outstanding Notes affected, as the case may be. (Indenture, Sections 5.06 and 5.09).

Limitation on Actions by an Individual Holder. The Indenture provides that no individual holder of Notes may institute any action against Morgan Stanley under that indenture, except actions for payment of overdue principal and interest, unless the following actions have occurred:

- the holder must have previously given written notice to the Trustee of the continuing default;
- the holders of not less than 25 per cent in aggregate principal amount of each affected series of the outstanding Notes, treated as one class, must have (1) requested the trustee to institute that action and (2) offered the Trustee reasonable indemnity;
- the Trustee must have failed to institute that action within 60 days after receipt of the request referred to above; and
- the holders of a majority in principal amount of the outstanding Notes of each affected series, voting as one class, must not have given directions to the Trustee inconsistent with those of the holders referred to above. (Indenture, Sections 5.06 and 5.09).

Annual Certification. The Indenture contains a covenant that Morgan Stanley will file annually with the Trustee a certificate of no default or a certificate specifying any default that exists. (Indenture, Section 3.05).

Discharge, Defeasance and Covenant Defeasance

Morgan Stanley has the ability to eliminate most or all of its obligations on any series of Notes prior to maturity if it complies with the following provisions. (Indenture, Section 10.01).

Discharge of Indenture. If at any time Morgan Stanley has:

- paid or caused to be paid the principal of and interest on all of the outstanding Notes in accordance with their terms;
- delivered to the Trustee for cancellation all of the outstanding Notes; or
- irrevocably deposited with the Trustee cash or, in the case of a series of Notes payable only in U.S. dollars, U.S. government obligations in trust for the benefit of the holders of any series of debt securities issued under the Indenture that have either become due and payable, or are by their terms due and payable within one year or are scheduled for redemption within one year, in an amount certified to be sufficient to pay on each date that they become due and payable, the principal of and interest on and any mandatory sinking fund payments for, those Notes;

and if, in any such case, Morgan Stanley also pays or causes to be paid all other sums payable by Morgan Stanley under the indenture with respect to the securities of such series, then the indenture shall cease to be of further effect with respect to the securities of such series, except as to certain rights and with respect to the transfer and exchange of securities, rights of the holders to receive payment and certain other rights and except that the deposit of cash or U.S. government obligations for the benefit of holders of a series of debt securities that are due and payable or are due and payable within one year or are scheduled for redemption within one year will discharge obligations under the Indenture relating only to that series of debt securities.

Defeasance of Notes at Any Time. Morgan Stanley may also discharge all of its obligations, other than as to transfers and exchanges, under any series of Notes at any time, which is referred to herein as “**defeasance**”. However, Morgan Stanley may not, by defeasance, avoid any duty to register the transfer or exchange that

series of Notes, to replace any mutilated, defaced, destroyed, lost, or stolen Notes of that series or to maintain an office or agency in respect of that series of Notes.

Morgan Stanley may be released with respect to any outstanding series of Notes from the obligations imposed by Sections 3.06 and 9.01 of the Indenture, which sections contain the covenants described above limiting liens and consolidations, mergers, asset sales and leases, and elect not to comply with those sections without creating an event of default or a default. Discharge under those procedures is called “**covenant defeasance**.”

Defeasance or covenant defeasance may be effected only if, among other things:

- Morgan Stanley irrevocably deposits with the Trustee cash or, in the case of Notes payable only in U.S. dollars, U.S. government obligations, as trust funds in an amount certified to be sufficient to pay on each date that they become due and payable or a combination of the above sufficient to pay the principal of and interest on, and any mandatory sinking fund payments for, all of the outstanding Notes of the series being defeased.
- Morgan Stanley delivers to the Trustee an opinion of counsel to the effect that:
 - the holders of the series of Notes being defeased will not recognise income, gain or loss for U.S. federal income tax purposes as a result of the defeasance or covenant defeasance; and
 - the defeasance or covenant defeasance will not otherwise alter those holders’ U.S. federal income tax treatment of principal and interest payments on the series of Notes being defeased.

In the case of a defeasance, but not in the case of covenant defeasance, this opinion must be based on a ruling of the Internal Revenue Service or a change in U.S. federal income tax law occurring after 17 August 2015, since that result would not occur under current tax law.

Substitution for Morgan Stanley

Subject to such amendment of the Indenture and such other conditions as Morgan Stanley may agree with the Trustee, but without the consent of the holders of the Notes, Morgan Stanley may, subject to such Notes being unconditionally and irrevocably guaranteed by Morgan Stanley, substitute a subsidiary of Morgan Stanley in place of Morgan Stanley as principal debtor under the Notes and the Indenture. Under the terms of the guarantee, holders of the Notes will not be required to exercise their remedies against the substitute issuer prior to proceeding directly against Morgan Stanley. (Indenture, Sections 8.01 and 13.01)

Modification of the Indenture

Modification without Consent of Holders. Morgan Stanley and the Trustee may enter into supplemental indentures without the consent of the holders of the Notes to:

- secure any of the Notes;
- evidence the assumption by a successor corporation of Morgan Stanley’s obligations;
- evidence the assumption of a substitute issuer, in accordance with the provision described under “—*Substitution for Morgan Stanley*” above;
- add covenants for the protection of the holders of the Notes;
- cure any ambiguity or correct any inconsistency;
- establish the forms or terms of the Notes of any series; or
- evidence the acceptance of appointment by a successor Trustee. (Indenture, Section 8.01).

Modification with Consent of Holders. Morgan Stanley and the Trustee, with the consent of the holders of not less than a majority in aggregate principal amount of the debt securities of all series issued under the Indenture then outstanding and affected, voting as one class, may execute supplemental indentures adding any provisions to, or changing in any manner the rights of the Holders of each series so affected. However, Morgan Stanley and the Trustee may not make any of the following changes to any outstanding Notes without the consent of each holder of each outstanding debt security that would be affected by such change:

- extend the final maturity of any such debt security;
- reduce the principal amount;
- reduce the rate or extend the time of payment of interest;
- reduce any amount payable on redemption;
- change the currency of payment;
- modify or amend the provisions for conversion of any currency into another currency;
- reduce the amount of any original issue discount security payable upon acceleration or provable in bankruptcy;
- alter certain provisions of the Indenture relating to debt securities not denominated in U.S. dollars;
- impair or affect the right of any holder to institute suit for the payment thereof; or
- reduce the percentage in principal amount of debt securities of any series the consent of whose holders is required for any such supplemental Indenture. (Indenture, Section 8.02).

Replacement of Notes

Morgan Stanley may, in its discretion, replace any Notes that become mutilated, destroyed, lost or stolen or are apparently destroyed, lost or stolen. The mutilated Notes must be delivered to the Trustee, the paying agent and the Registrar and will be replaced by Morgan Stanley at the expense of the holder upon delivery of those Notes or satisfactory evidence of the destruction, loss or theft thereof to Morgan Stanley, the Principal Paying Agent or any other paying agent and the Trustee. In each case, an indemnity satisfactory to Morgan Stanley, the Principal Paying Agent or any other paying agent and the Trustee may be required at the expense of the holder of that Note before a replacement Note will be issued.

Notices

Except as provided in the next sentence, Morgan Stanley will send notices to the holders of Notes at each such holder's address as that address appears in the register for the Notes by first class mail, postage prepaid. Morgan Stanley may give notice to the beneficial owners of registered notes held only in global form through the customary notice procedures of the Relevant Clearing System in which case Morgan Stanley will not mail the notice. Those notices will be deemed to have been given on the date of such mailing (or other transmission as applicable).

All notices will be published according to the rules of the market where the Notes are listed.

Concerning Morgan Stanley's Relationship with the Trustee

Morgan Stanley and its subsidiaries maintain ordinary banking relationships and credit facilities with The Bank of New York Mellon, a New York banking corporation (as successor to JPMorgan Chase Bank, N.A. and J.P. Morgan Trust Company, National Association).

Governing Law

The Notes and the Indenture will be governed by, and construed in accordance with, the laws of the State of New York.

CERTAIN U.S. FEDERAL INCOME TAX CONSIDERATIONS

The following is a general discussion of certain U.S. federal income tax consequences of the ownership and disposition of the Notes. This summary only addresses initial purchasers of the Notes who are Non-U.S. Holders (as defined below) who hold the Notes as capital assets for U.S. federal income tax purposes.

This discussion is based on the Internal Revenue Code of 1986, as amended (the "**Code**"), administrative pronouncements, judicial decisions and final, temporary and proposed Treasury regulations, all as of the date hereof, changes to any of which subsequent to the date of this Prospectus may affect the tax consequences described herein. This discussion also does not describe all of the tax consequences that may be relevant to a holder in light of the holder's particular circumstances or to holders subject to special rules, as further discussed below. Additionally, this disclosure does not address U.S. federal estate and gift tax laws or state, local, non-U.S. or other tax laws, including the Medicare tax on investment income.

The summary of U.S. federal income tax consequences set out below is for general information only. It is not intended to be relied upon by purchasers for the purpose of avoiding penalties that may be imposed under the Code. All prospective purchasers should consult their tax advisers as to the particular tax consequences to them of acquiring, owning and disposing of the Notes, including the applicability and effect of federal estate and gift tax law, state, local, non-U.S. and other tax laws and possible changes in tax law.

As used herein, the term "Non-U.S. Holder" means a beneficial owner of a Note that is, for U.S. federal income tax purposes:

- an individual who is classified as a non-resident alien;
- a foreign corporation; or
- a foreign estate or trust.

The term "Non-U.S. Holder" does not include any of the following holders:

- a holder who is an individual present in the United States for 183 days or more in the taxable year of disposition and who is not otherwise a resident of the United States for U.S. federal income tax purposes;
- certain former citizens or residents of the United States;
- an entity that is treated as a partnership for U.S. federal income tax purposes;
- a corporation that, for U.S. federal income tax purposes, is treated as either a personal holding company, a controlled foreign corporation, or a passive foreign investment company; or
- a holder for whom income or gain in respect of the Notes is effectively connected with the conduct of a trade or business in the United States.

Such holders should consult their tax advisers regarding the U.S. federal income tax consequences of an investment in the Notes.

Subject to the discussions below concerning backup withholding and FATCA, a Non-U.S. Holder will not be subject to U.S. federal income tax, including withholding tax, on payments of principal or interest on a Note, or proceeds from or gain on the sale or disposition of a Note, provided that:

- the Non-U.S. Holder does not own, directly or by attribution, ten per cent. or more of the total combined voting power of all classes of Morgan Stanley's stock entitled to vote;

- the Non-U.S. Holder is not a controlled foreign corporation related, directly or indirectly, to Morgan Stanley through stock ownership;
- the Non-U.S. Holder is not a bank receiving interest under Section 881(c)(3)(A) of the Code; and
- the certification requirement described below has been fulfilled with respect to the beneficial owner.

Certification Requirement. The certification requirement referred to in the preceding paragraph will be fulfilled if the beneficial owner of that Note (or a financial institution holding a Note on behalf of the beneficial owner) furnishes to the applicable withholding agent an applicable U.S. Internal Revenue Service ("IRS") Form W-8 on which the beneficial owner certifies under penalties of perjury that it is not a U.S. person.

Backup Withholding and Information Reporting

Information returns may be filed with the IRS in connection with payment on the Notes at maturity as well as in connection with the proceeds from a sale, exchange or other disposition. A Non-U.S. Holder may be subject to backup withholding in respect of amounts paid to the Non-U.S. Holder, unless such Non-U.S. Holder complies with certification procedures to establish that it is not a U.S. person for U.S. federal income tax purposes or otherwise establishes an exemption. Compliance with the certification procedures described above will satisfy the certification requirements necessary to avoid backup withholding. The amount of any backup withholding from a payment to a Non-U.S. Holder will be allowed as a credit against the Non-U.S. Holder's U.S. federal income tax liability and may entitle the Non-U.S. Holder to a refund, provided that the required information is timely furnished to the IRS.

FATCA Withholding

Certain provisions of U.S. law commonly referred to as "FATCA" generally impose a withholding tax of 30% on payments to certain non-U.S. entities (including financial intermediaries) with respect to certain financial instruments, unless various U.S. information reporting and due diligence requirements have been satisfied. An intergovernmental agreement between the United States and the non-U.S. entity's jurisdiction may modify these requirements. This legislation generally applies to certain financial instruments, such as the Notes, that are treated as paying U.S.-source interest or other U.S.-source "fixed or determinable annual or periodical" income. Withholding (if applicable) applies to any payment of amounts treated as interest on the Notes and, for dispositions after December 31, 2018, any payment of gross proceeds of the disposition (including upon retirement) of the Notes. If withholding applies to the Notes, we will not be required to pay any additional amounts with respect to amounts withheld. Non-U.S. Holders should consult their tax advisers regarding the potential application of FATCA to the Notes.

PLAN OF DISTRIBUTION

The underwriter is Morgan Stanley & Co. International plc.

United States of America

The Notes have not been and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States. The Notes may not be offered, sold, pledged, assigned, delivered or otherwise transferred, exercised or redeemed at any time, directly or indirectly, within the United States, which term includes the territories, the possessions and all other areas subject to the jurisdiction of the United States, or to, or for the account or benefit of, U.S. Persons (as defined in Regulation S).

An offer or sale of the Notes within the United States, which term includes the territories, the possessions and all other areas subject to the jurisdiction of the United States, by any dealer (whether or not participating in the offering of such Notes) may violate the registration requirements of the Securities Act.

United Kingdom

The underwriter which participated in the original distribution of the Notes represented and agreed that:

- (1) it has complied and will comply with all applicable provisions of the Financial Services and Markets Act 2000 (the “FSMA”) with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom; and
- (2) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any securities in circumstances in which Section 21(1) of the FSMA does not apply to Morgan Stanley.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Law No.25 of 1948, as amended, the “FIEA”). Accordingly, the Notes may not be offered or sold, directly or indirectly, in Japan or to or for the account or benefit of any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Law No. 228 of 1949, as amended)) or to others for re-offering or resale, directly or indirectly, in Japan or to or for the account or benefit of a resident of Japan, except pursuant to an exemption from the registration requirements of and otherwise in compliance with the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

France

Morgan Stanley has represented and agreed, and the underwriter has represented and agreed, that Morgan Stanley and the underwriter will not offer or sell, directly or indirectly, any Notes in the Republic of France and will not distribute or cause to be distributed in the Republic of France this Prospectus or any other offering material relating to the Notes, except to qualified investors (*investisseurs qualifiés*) as defined in and in accordance with Articles L.411-2 and D.411-1 to D.411-3 of the French *Code Monétaire et Financier*.

Hong Kong

WARNING: The contents of this Prospectus not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the offer. If you are in any doubt about any of the contents of this Prospectus, you should obtain independent professional advice.

The Notes have not been offered or sold and will not be offered or sold in Hong Kong, by means of any document, other than (i) to “professional investors” as defined in the Securities and Futures Ordinance

(Chapter 571 of the Laws of Hong Kong) (the “SFO”) and any rules made under that Ordinance or (ii) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap.32 of the Laws of Hong Kong) or which do not constitute an offer to the public within the meaning of that Ordinance. No person has issued or may issue or had or may have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the applicable securities law of Hong Kong) other than with respect to the Notes which are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the SFO and any rules made under that Ordinance.

Singapore

This Prospectus has not been registered as a prospectus under the Securities and Futures Act, Chapter 289 of Singapore, as amended (the “SFA”), by the Monetary Authority of Singapore and the notes will be offered pursuant to exemptions under the SFA. Accordingly, neither this Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes may be circulated or distributed, nor may the Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor as defined in Section 4A of the SFA (an “Institutional Investor”) pursuant to Section 274 of the SFA, (ii) to a relevant person as defined in Section 275(2) of the SFA (a “Relevant Person”), or to any person pursuant to an offer referred to in Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable exemption or provision of the SFA. Where Notes are subscribed or purchased pursuant to an offer made in reliance on Section 275 by a Relevant Person which is:

- (a) a corporation (which is not an accredited investor as defined in Section 4A of the SFA (an “Accredited Investor”)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an Accredited Investor; or
- (b) a trust (where the trustee is not an Accredited Investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an Accredited Investor,

the securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries’ rights and interests (howsoever described) in that trust shall not be transferred for six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

- (1) to an Institutional Investor or to a Relevant Person, or to any person arising from an offer referred to in Section 275(1A) of the SFA (in the case of that corporation) or Section 276(4)(i)(B) of the SFA (in the case of that trust);
- (2) where no consideration is or will be given for the transfer;
- (3) where the transfer is by operation of law; or
- (4) pursuant to Section 276(7) of the SFA or Regulation 32 of the Securities and Futures (Offer of Investments) (Shares and Debentures) Regulations.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “**Relevant Member State**”), the underwriter has represented and agreed, and each further agent, dealer and underwriter appointed with respect to any securities will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that

Relevant Member State (the “**Relevant Implementation Date**”) it has not made and will not make an offer of securities which are the subject of the offering contemplated by this Prospectus in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such securities to the public in that Relevant Member State:

- (1) if the pricing supplement in relation to the securities specifies that an offer of those securities may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a “**Non-exempt Offer**”), following the date of publication of a prospectus in relation to such securities which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus has subsequently been completed by the pricing supplement contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or pricing supplement, as applicable;
- (2) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (3) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant agent, underwriter or dealer nominated by Morgan Stanley for any such offer; or
- (4) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of securities referred to in (2) to (4) above shall require Morgan Stanley or any agent, underwriter or dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an “offer of securities to the public” in relation to any securities in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the securities to be offered so as to enable an investor to decide to purchase or subscribe the securities, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression “Prospectus Directive” means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State) and includes any relevant implementing measure in each Relevant Member State and the expression “2010 PD Amending Directive” means Directive 2010/73/EU.

Other than with respect to the admission to listing and trading as is specified in this Prospectus, no action has been or will be taken in any country or jurisdiction by Morgan Stanley or the underwriter that would permit a public offering of any securities or possession or distribution of any offering material in relation thereto, in any country or jurisdiction where action for that purpose is required. Persons into whose hands this Prospectus comes are required by Morgan Stanley and the underwriter to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver securities or have in their possession or distribute such offering material, in all cases at their own expense.

The underwriter may make a market in the Notes as applicable laws and regulations permit. The underwriter is not obligated to do so, however, and the underwriter may cease to make a market at any time without notice. No assurance can be given as to the liquidity of any trading market for the securities or if separable, any other securities included in any units.

NO OWNERSHIP BY U.S. PERSONS

The Notes may not be legally or beneficially owned by U.S. Persons at any time. The term “**U.S. Person**” will have the meaning ascribed to it in Regulation S under the Securities Act.

Each purchaser of Notes, by accepting delivery of this Prospectus or the Notes, will be deemed to have represented, agreed and acknowledged that:

- (a) it is, or at the time such Notes are purchased will be, the beneficial owner of such Notes and it is not, and is not acting for the account or benefit of, a U.S. Person and it is located outside the United States and was not solicited to purchase such Notes while present in the United States;
- (b) such Notes have not been and will not be registered under the Securities Act and may not offered, sold, pledged or otherwise transferred, exercised or redeemed except to a person that is not a U.S. Person (within the meaning of Regulation S) in an “offshore transaction” in accordance with Rule 903 or Rule 904 of Regulation S, in each case in accordance with all applicable securities laws of any state of the United States and any other applicable jurisdiction and it will provide notice of the foregoing transfer restriction to any subsequent transferee;
- (c) such Notes will bear a legend to the following effect:

“THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “**SECURITIES ACT**”), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES.

ANY INTEREST IN THE NOTES MAY NOT BE OFFERED, SOLD, PLEDGED, ASSIGNED, DELIVERED OR OTHERWISE TRANSFERRED, EXERCISED OR REDEEMED AT ANY TIME, DIRECTLY OR INDIRECTLY, WITHIN THE UNITED STATES, WHICH TERM INCLUDES THE TERRITORIES, THE POSSESSIONS AND ALL OTHER AREAS SUBJECT TO THE JURISDICTION OF THE UNITED STATES, OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT).

IN PURCHASING THE NOTES, PURCHASERS WILL BE DEEMED TO REPRESENT AND WARRANT THAT THEY ARE NEITHER LOCATED IN THE UNITED STATES NOR A U.S. PERSON AND THAT THEY ARE NOT PURCHASING FOR ON BEHALF OF, OR FOR THE ACCOUNT OR BENEFIT OF, ANY SUCH U.S. PERSON.”

and

- (d) the Issuer, the Trustee, the Registrar, the paying agents and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements.

USE OF PROCEEDS

The Issuer intends to use the net proceeds from the sale of the Notes for general corporate purposes.

BENEFIT PLAN INVESTOR CONSIDERATIONS

Each fiduciary of a pension, profit-sharing or other employee benefit plan subject to the Employee Retirement Income Security Act of 1974, as amended (“ERISA”), which is referred to herein as a “plan,” should consider the fiduciary standards of ERISA in the context of the plan’s particular circumstances before authorizing an investment in these securities. Accordingly, among other factors, the fiduciary should consider whether the investment would satisfy the prudence and diversification requirements of ERISA and would be consistent with the documents and instruments governing the plan.

In addition, Morgan Stanley and certain of its subsidiaries and affiliates, including MSI plc, may be considered a “party in interest” within the meaning of ERISA, or a “disqualified person” within the meaning of the Code, with respect to many plans, as well as many individual retirement accounts and Keogh plans (also “plans”). Prohibited transactions within the meaning of ERISA or the Code would likely arise, for example, if these securities are acquired by or with the assets of a plan with respect to which MSI plc or any of its affiliates is a service provider or other party in interest, unless the securities are acquired pursuant to an exemption from the “prohibited transaction” rules. A violation of these “prohibited transaction” rules could result in an excise tax or other liabilities under ERISA and/or Section 4975 of the Code for those persons, unless exemptive relief is available under an applicable statutory or administrative exemption.

The U.S. Department of Labor has issued five prohibited transaction class exemptions (“PTCEs”) that may provide exemptive relief for direct or indirect prohibited transactions resulting from the purchase or holding of these securities. Those class exemptions are PTCE 96-23 (for certain transactions determined by in-house asset managers), PTCE 95-60 (for certain transactions involving insurance company general accounts), PTCE 91-38 (for certain transactions involving bank collective investment funds), PTCE 90-1 (for certain transactions involving insurance company separate accounts) and PTCE 84-14 (for certain transactions determined by independent qualified professional asset managers). In addition, ERISA Section 408(b)(17) and Section 4975(d)(20) of the Code may provide an exemption for the purchase and sale of securities and the related lending transactions, provided that neither the issuer of the securities nor any of its affiliates has or exercises any discretionary authority or control or renders any investment advice with respect to the assets of any plan involved in the transaction, and provided further that the plan pays no more, and receives no less, than “adequate consideration” in connection with the transaction (the so-called “service provider” exemption). There can be no assurance that any of these class or statutory exemptions will be available with respect to transactions involving these securities.

Because Morgan Stanley may be considered a party in interest with respect to many plans, these securities may not be purchased, held or disposed of by any plan, any entity whose underlying assets include “plan assets” by reason of any plan’s investment in the entity (a “plan asset entity”) or any person investing “plan assets” of any plan, unless such purchase, holding or disposition is eligible for exemptive relief, including relief available under PTCEs 96-23, 95-60, 91-38, 90-1, 84-14 or the service provider exemption or such purchase, holding or disposition is otherwise not prohibited. Any purchaser, including any fiduciary purchasing on behalf of a plan, transferee or holder of these securities will be deemed to have represented, in its corporate and its fiduciary capacity, by its purchase and holding of these securities that either (a) it is not a plan or a plan asset entity, is not purchasing such securities on behalf of or with “plan assets” of any plan, or with any assets of a governmental, non-U.S. or church plan that is subject to any federal, state, local or non-U.S. law that is substantially similar to the provisions of Section 406 of ERISA or Section 4975 of the Code (“Similar Law”) or (b) its purchase, holding and disposition are eligible for exemptive relief or such purchase, holding and disposition are not prohibited by ERISA or Section 4975 of the Code or any Similar Law.

Due to the complexity of these rules and the penalties that may be imposed upon persons involved in non-exempt prohibited transactions, it is particularly important that fiduciaries or other persons considering

purchasing these securities on behalf of or with “plan assets” of any plan consult with their counsel regarding the availability of exemptive relief.

Each purchaser and holder of these securities has exclusive responsibility for ensuring that its purchase, holding and disposition of the securities do not violate the prohibited transaction rules of ERISA or the Code or any Similar Law. The sale of any of these securities to any plan or plan subject to Similar Law is in no respect a representation by Morgan Stanley or any of its affiliates or representatives that such an investment meets all relevant legal requirements with respect to investments by plans generally or any particular plan, or that such an investment is appropriate for plans generally or any particular plan.

GENERAL INFORMATION

- (1) For so long as this Prospectus remains in effect or any securities issued by Morgan Stanley remain outstanding, the following documents will be available from the date hereof in physical or electronic form, during usual business hours on any weekday, for inspection at The Bank of New York Mellon, London Branch, One Canada Square, Canary Wharf, London E14 5AL, UK and also at the registered office of Morgan Stanley:
- (a) copies of the Indenture and all of Morgan Stanley's financial statements published since the date of this Prospectus;
 - (b) the Certificate of Incorporation and the Articles of Association of Morgan Stanley;
 - (c) all reports, letters and other documents, historical financial information, valuations and statements by any expert any part of which is included or referred to herein copies of which have been sent by Morgan Stanley to The Bank of New York Mellon;
 - (d) Morgan Stanley's Annual Report on Form 10-K for the year ended 31 December 2015;
 - (e) Morgan Stanley's Proxy Statement dated 1 April 2016;
 - (f) Morgan Stanley's Quarterly Report on Form 10-Q for the quarters ended 31 March 2016, 30 June 2016 and 30 September 2016;
 - (g) Morgan Stanley's Current Reports on Form 8-K dated 06 January 2016, 19 January 2016, 22 January 2016, 26 February 2016, 18 April 2016, 17 May 2016, 29 June 2016, 20 July 2016, 26 July 2016, 19 October 2016 and 28 October 2016 respectively;
 - (h) a copy of this Prospectus and any document incorporated by reference herein; and
 - (i) any supplement to this Prospectus.
- The documents described in paragraph (d) – (g) above are also available for viewing at the website <http://www.sec.gov/>.
- (2) Any statement contained in this Prospectus or in a document incorporated or deemed to be incorporated by reference in this Prospectus will be deemed to be modified or superseded for purposes of this Prospectus, to the extent that a statement contained in this Prospectus or in any subsequently filed document that also is or is deemed to be incorporated by reference in this Prospectus and in respect of which a supplement to this Prospectus has been prepared modifies or supersedes the statement. Any statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.
- (3) Save as disclosed in:
- (a) the section entitled “Legal Proceedings” in Part I—Item 3 at pages 24-32 and in the paragraphs beginning with “Legal” under the heading “Contingencies” under the heading “Commitments, Guarantees and Contingencies” in “Notes to Consolidated Financial Statements” in Part II—Item 8 at pages 202-205 of Morgan Stanley's Annual Report on Form 10-K for the year ended 31 December 2015;
 - (b) the section entitled “Legal Settlement” under the heading “24. Subsequent Events” in “Notes to Consolidated Financial Statements” in Part II—Item 8 at page 250 of Morgan Stanley's Annual Report on Form 10-K for the year ended 31 December 2015;

- (c) the paragraphs beginning with “Legal” under the heading “Contingencies” under the heading “Commitments, Guarantees and Contingencies” in “Notes to Condensed Consolidated Financial Statements” in Part I – Item 1 at pages 47-50 and the section entitled “Legal Proceedings” in Part II – Item 1 at page 126 of Morgan Stanley's Quarterly Report on Form 10-Q for the quarter ended 31 March 2016;
- (d) the paragraphs beginning with “Legal” under the heading “Contingencies” under the heading “Commitments, Guarantees and Contingencies” in “Notes to Consolidated Financial Statements” in Part I – Item 1 at pages 50-53 and the section entitled “Legal Proceedings” in Part II – Item 1 at page 128 of Morgan Stanley's Quarterly Report on Form 10-Q for the quarterly period ended 30 June 2016;
- (e) the paragraphs beginning with “Legal” under the heading “Contingencies” under the heading “Commitments, Guarantees and Contingencies” in “Notes to Consolidated Financial Statements” in Part I – Item 1 at pages 39-43 and the section entitled “Legal Proceedings” in Part II – Item 1 at page 101 of Morgan Stanley's Quarterly Report on Form 10-Q for the quarterly period ended 30 September 2016; and
- (f) the section entitled “Legal Proceedings and Contingencies” at Part 7 of the section entitled “Description of Morgan Stanley” at pages 39 to 53 of the Registration Document dated 10 June 2016 (as amended by the First Supplement to the Registration Document dated 19 October 2016),

there are no, nor have there been, any governmental, legal or arbitration proceedings involving Morgan Stanley (including any such proceedings which are pending or threatened of which Morgan Stanley is aware) during the 12-month period before the date of this Prospectus which may have, or have had in the recent past, a significant effect on the financial position or profitability of Morgan Stanley.

- (4) There has been no significant change in the financial or trading position of Morgan Stanley since 30 September 2016, the date of the latest published interim (unaudited) financial statements of Morgan Stanley.
- (5) There has been no material adverse change in the prospects of Morgan Stanley since 31 December 2015, the date of the last published annual audited financial statements of Morgan Stanley. There are no recent events particular to Morgan Stanley which are to a material extent relevant to the evaluation of Morgan Stanley's solvency.
- (6) The issue of the Notes was authorised by the board of directors of Morgan Stanley pursuant to resolutions adopted at a meeting of the Board of Directors of Morgan Stanley (the “**Board of Directors**”) held on 25 September 1998, as amended and updated pursuant to resolutions adopted at a meeting of the Board of Directors held on 17 June 2003, 14 December 2004, 20 September 2005, 12 December 2006, 19 June 2007, 17 September 2007 and 16 June 2008.
- (7) The auditors of Morgan Stanley are Deloitte & Touche LLP, 30 Rockefeller Plaza, New York, NY 10112-0015, U.S.A., who have audited Morgan Stanley's accounts, without qualification, in accordance with the standards of the Public Company Accounting Oversight Board (United States) for the financial year ended 31 December 2015. The auditors of Morgan Stanley have no material interest in Morgan Stanley.

**PRINCIPAL EXECUTIVE OFFICES OF MORGAN
STANLEY**

1585 Broadway
New York, New York 10036
U.S.A.
Tel: +1 (212) 761 4000

**REGISTERED OFFICE OF MORGAN STANLEY IN
DELAWARE**

The Corporation Trust Center
1209 Orange Street
Wilmington, Delaware 19801
U.S.A.

TRUSTEE

The Bank of New York Mellon
London Branch
One Canada Square
Canary Wharf
London E14 5AL
UK

PRINCIPAL PAYING AGENT

The Bank of New York Mellon
London Branch
One Canada Square
Canary Wharf
London E14 5AL
UK

CALCULATION AGENT

Morgan Stanley & Co. International plc
25 Cabot Square
Canary Wharf
London E14 4QA
UK

LEGAL ADVISORS TO THE DEALER

As to U.S. law:

Linklaters LLP
One Silk Street
London EC2Y 8HQ
UK

IRISH LISTING AGENT

Maples and Calder
75 St. Stephen's Green
Dublin 2
Ireland

AUDITOR OF MORGAN STANLEY

Deloitte & Touche LLP
30 Rockefeller Plaza
New York, NY 10112-0015
U.S.A.

Printed by:
Linklaters Business Services
A32847460