MORGAN STANLEY
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March 05, 2019

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Preliminary Terms No. 1,698

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Dated March 5, 2019

Filed pursuant to Rule 433

Morgan Stanley Finance LLC

Structured Investments

Opportunities in U.S. Equities

Jump Securities with Auto-Callable Feature Based on the Performance of the Russell 2000® Index due March 13, 2024, With 1-year Initial Non-Call Period

Fully and Unconditionally Guaranteed by Morgan Stanley

Principal at Risk Securities

The securities offered are unsecured obligations of Morgan Stanley Finance LLC ("MSFL") and are fully and unconditionally guaranteed by Morgan Stanley. The securities do not guarantee the repayment of principal, do not provide for the regular payment of interest and have the terms described in the accompanying product supplement, index supplement and prospectus, as supplemented or modified by this document. Beginning after one year, the securities will be automatically redeemed if the index closing value on any of the quarterly determination dates is greater than or equal to the initial index value, for an early redemption payment that will increase over the term of the securities and that will correspond to a return of at least 6.72% *per annum* (to be determined on the pricing date), as described below. No further payments will be made on the securities once they have been redeemed. At maturity, if the securities have not previously been redeemed and the final index value is greater than or equal to the downside threshold level, investors will receive a fixed positive return that will also correspond to a return of at least 6.72% *per annum* (to be determined on the pricing date), as set forth below. However, if the securities are not automatically redeemed prior to maturity and the final index value is less than the downside threshold level, investors will be exposed to the decline in the underlying index on a 1-to-1 basis and will receive a payment at maturity that is less than 65% of the stated principal amount of the securities and could be zero. **Accordingly, investors in the securities must be willing to accept the risk of losing their entire initial investment.** These long-dated securities are for investors who are willing to risk their principal and forego current income and participation in the appreciation of the underlying index in exchange for the possibility of receiving an early redemption payment or payment at maturity greater than the stated principal amount if the underlying index closes at or above the initial index value on a quarterly determination date or the final determination date, respectively, with no possibility of an early redemption until after the one-year non-call period and the limited protection against loss that applies only if the final index value is greater than or equal to the downside threshold level. Investors will not participate in any appreciation of the Russell 2000® Index. The securities are notes issued as part of MSFL's Series A Global Medium-Term Notes program.

All payments are subject to our credit risk. If we default on our obligations, you could lose some or all of your investment. These securities are not secured obligations and you will not have any security interest in, or otherwise have any access to, any underlying reference asset or assets.

SUMMARY TERMS

Issuer:	Morgan Stanley Finance LLC
Guarantor:	Morgan Stanley
Underlying index:	Russell 2000® Index
Aggregate principal amount:	$
Stated principal amount:	$1,000 per security
Issue price:	$1,000 per security
Pricing date:	March 8, 2019
Original issue date:	March 13, 2019 (3 business days after the pricing date)
Maturity date:	March 13, 2024
Early redemption:	**The securities are not subject to automatic early redemption until approximately one year after the original issue date.** Following the initial 1-year non-call period, if, on any quarterly determination date (other than the final determination date), beginning on March 11, 2020, the index closing value of the underlying index is **greater than or equal to** the initial index value, the securities will be automatically redeemed for the applicable early redemption payment on the related early redemption date.
Early redemption payment:	The early redemption payment will be an amount in cash per stated principal amount (corresponding to a return of at least 6.72% *per annum,* to be determined on the pricing date) for each quarterly determination date. See "Determination Dates and Early Redemption Payments" below. No further payments will be made on the securities once they have been redeemed.
Determination dates:	Beginning after one year, quarterly. See "Determination Dates and Early Redemption Payments" below. We also refer to March 8, 2024 as the final determination date. The determination dates are subject to postponement for non-index business days and certain market disruption events.
Early redemption dates:	The third business day after the relevant determination date
Initial index value:	, which is the index closing value on the pricing date
Final index value:	The index closing value on the final determination date

Payment at maturity:	If the securities have not previously been redeemed, you will receive at maturity a cash payment per security as follows: · If the final index value is **greater than or equal to** the downside threshold level: At least $1,336 (to be determined on the pricing date) · If the final index value is **less than** the downside threshold level: $1,000 × index performance factor. **Under these circumstances, you will lose at least 35%, and possibly all, of your investment.**
Downside threshold level:	, which is equal to 65% of the initial index value
Index performance factor:	Final index value *divided by* the initial index value
CUSIP:	61768DZ65
ISIN:	US61768DZ652
Listing:	The securities will not be listed on any securities exchange.
Agent:	Morgan Stanley & Co. LLC ("MS & Co.") , an affiliate of MSFL and a wholly owned subsidiary of Morgan Stanley. See "Supplemental information regarding plan of distribution; conflicts of interest."
Estimated value on the pricing date:	Approximately $989.20 per security, or within $20.00 of that estimate. See "Investment Summary" beginning on page 3.

Commissions and issue price:	**Price to public**	**Agent's commissions[(1)]**	**Proceeds to us[(2)]**
Per security	$1,000	$	$
Total	$	$	$

(1) *MS & Co. will act as the agent for this offering and will not receive a sales commission in connection with sales of the securities. See "Supplemental information regarding plan of distribution; conflicts of interest." For additional information, see "Plan of Distribution (Conflicts of Interest)" in the accompanying product supplement.*

(2) *See "Use of proceeds and hedging" on page 19.*

The securities involve risks not associated with an investment in ordinary debt securities. See "Risk Factors" beginning on page 11.

The Securities and Exchange Commission and state securities regulators have not approved or disapproved these securities, or determined if this document or the accompanying product supplement, index supplement and prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The securities are not deposits or savings accounts and are not insured by the Federal Deposit Insurance Corporation or any other governmental agency or instrumentality, nor are they obligations of, or guaranteed

by, a bank.

You should read this document together with the related product supplement, index supplement and prospectus, each of which can be accessed via the hyperlinks below. Please also see "Additional Terms of the Securities" and "Additional Information About the Securities" at the end of this document.

As used in this document, "we," "us" and "our" refer to Morgan Stanley or MSFL, or Morgan Stanley and MSFL collectively, as the context requires.

Product Supplement for Auto-Callable Securities dated November 16, 2017 **Index Supplement dated November 16, 2017**

Prospectus dated November 16, 2017

Morgan Stanley Finance LLC

Jump Securities with Auto-Callable Feature Based on the Performance of the Russell 2000® Index due March 13, 2024, With 1-year Initial Non-Call Period

Principal at Risk Securities

Determination Dates and Early Redemption Payments

(Beginning After One Year)

Determination Dates		Early Redemption Payments (per $1,000 Security)
1st determination date:	March 11, 2020	At least $1,067.20
2nd determination date:	June 8, 2020	At least $1,084.00
3rd determination date:	September 8, 2020	At least $1,100.80
4th determination date:	December 8, 2020	At least $1,117.60
5th determination date:	March 8, 2021	At least $1,134.40
6th determination date:	June 8, 2021	At least $1,151.20
7th determination date:	September 8, 2021	At least $1,168.00
8th determination date:	December 8, 2021	At least $1,184.80
9th determination date:	March 8, 2022	At least $1,201.60
10th determination date:	June 8, 2022	At least $1,218.40
11th determination date:	September 8, 2022	At least $1,235.20
12th determination date:	December 8, 2022	At least $1,252.00
13th determination date:	March 8, 2023	At least $1,268.80
14th determination date:	June 8, 2023	At least $1,285.60
15th determination date:	September 8, 2023	At least $1,302.40
16th determination date:	December 8, 2023	At least $1,319.20
Final determination date:	March 8, 2024	See "Payment at maturity" above.

*The actual early redemption payment with respect to each determination date will be determined on the pricing date and will be an amount in cash per stated principal amount corresponding to a return of at least 6.72% *per annum*.

Morgan Stanley Finance LLC

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Principal at Risk Securities

Investment Summary

Jump Securities with Auto-Callable Feature

Principal at Risk Securities

Jump Securities with Auto-Callable Feature Based on the Performance of the Russell 2000® Index due March 13, 2024, With 1-year Initial Non-Call Period (the "securities") do not provide for the regular payment of interest and do not guarantee the repayment of principal. Instead, beginning after one year, the securities will be automatically redeemed if the index closing value on any quarterly determination date is greater than or equal to the initial index value, for an early redemption payment that will increase over the term of the securities and that will correspond to a return of at least 6.72% *per annum* (to be determined on the pricing date), as described below. At maturity, if the securities have not previously been redeemed and the final index value is greater than or equal to the downside threshold level, investors will receive a fixed positive return that will also correspond to a return of at least 6.72% *per annum* (to be determined on the pricing date), as set forth below. However, if the final index value is less than the downside threshold level, investors will be exposed to the decline in the underlying index on a 1-to-1 basis and will receive a payment at maturity that is less than 65% of the stated principal amount of the securities and could be zero. **Accordingly, investors in the securities must be willing to accept the risk of losing their entire initial investment.**

Maturity:	5 years
Automatic early redemption (beginning after one year):	**The securities are not subject to automatic early redemption until approximately one year after the original issue date.** Following this initial 1-year non-call period, if, on any quarterly determination date, the index closing value of the underlying index is greater than or equal to the initial index value, the securities will be automatically redeemed for the early redemption payment on the related early redemption date.
Early redemption payment:	The early redemption payment will be an amount in cash per stated principal amount (corresponding to a return of at least 6.72% *per annum*) for each quarterly determination date, as follows*:

- 1st determination date: At least $1,067.20

- 2nd determination date: At least $1,084.00
- 3rd determination date: At least $1,100.80
- 4th determination date: At least $1,117.60
- 5th determination date: At least $1,134.40
- 6th determination date: At least $1,151.20
- 7th determination date: At least $1,168.00
- 8th determination date: At least $1,184.80
- 9th determination date: At least $1,201.60
- 10th determination date: At least $1,218.40
- 11th determination date: At least $1,235.20
- 12th determination date: At least $1,252.00
- 13th determination date: At least $1,268.80
- 14th determination date: At least $1,285.60
- 15th determination date: At least $1,302.40
- 16th determination date: At least $1,319.20

* The actual early redemption payment with respect to each applicable determination date will be determined on the pricing date.

No further payments will be made on the securities once they have been redeemed.

Payment at maturity:

If the securities have not previously been redeemed, you will receive at maturity a cash payment per security as follows:

- If the final index value is **greater than or equal to** the downside threshold level:

At least $1,336 (to be determined on the pricing date)

- If the final index value is **less than** the downside threshold level:

$1,000 × index performance factor

If the final index value is less than the downside threshold level, investors will be fully exposed to the negative performance of the underlying index and will receive a payment at maturity that is less than 65% of the stated principal amount of the securities and could be zero. **Accordingly, investors in the securities must be willing to accept the risk of losing their entire initial investment.**

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Principal at Risk Securities

The original issue price of each security is $1,000. This price includes costs associated with issuing, selling, structuring and hedging the securities, which are borne by you, and, consequently, the estimated value of the securities on the pricing date will be less than $1,000. We estimate that the value of each security on the pricing date will be approximately $989.20, or within $20.00 of that estimate. Our estimate of the value of the securities as determined on the pricing date will be set forth in the final pricing supplement.

What goes into the estimated value on the pricing date?

In valuing the securities on the pricing date, we take into account that the securities comprise both a debt component and a performance-based component linked to the underlying index. The estimated value of the securities is determined using our own pricing and valuation models, market inputs and assumptions relating to the underlying index, instruments based on the underlying index, volatility and other factors including current and expected interest rates, as well as an interest rate related to our secondary market credit spread, which is the implied interest rate at which our conventional fixed rate debt trades in the secondary market.

What determines the economic terms of the securities?

In determining the economic terms of the securities, including the early redemption payment amounts and the downside threshold level, we use an internal funding rate, which is likely to be lower than our secondary market credit spreads and therefore advantageous to us. If the issuing, selling, structuring and hedging costs borne by you were lower or if the internal funding rate were higher, one or more of the economic terms of the securities would be more favorable to you.

What is the relationship between the estimated value on the pricing date and the secondary market price of the securities?

The price at which MS & Co. purchases the securities in the secondary market, absent changes in market conditions, including those related to the underlying index, may vary from, and be lower than, the estimated value on the pricing date, because the secondary market price takes into account our secondary market credit spread as well as the bid-offer spread that MS & Co. would charge in a secondary market transaction of this type and other factors. However, because the costs associated with issuing, selling, structuring and hedging the securities are not fully deducted upon issuance, for a period of up to 6 months following the issue date, to the extent that MS & Co. may buy or sell the securities in the secondary market, absent changes in market conditions, including those related to the underlying index, and to our secondary market credit spreads, it would do so based on values higher than the estimated value. We expect that those higher values will also be reflected in your brokerage account statements.

MS & Co. may, but is not obligated to, make a market in the securities and, if it once chooses to make a market, may cease doing so at any time.

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Principal at Risk Securities

Key Investment Rationale

The securities do not provide for the regular payment of interest. Instead, beginning after one year, the securities will be automatically redeemed for an early redemption amount (corresponding to a return of at least 6.72% *per annum*, to be determined on the pricing date) if the index closing value on any quarterly determination date is **greater than or equal to** the initial index value.

The following scenarios are for illustrative purposes only to demonstrate how an automatic early redemption payment or the payment at maturity (if the securities have not previously been redeemed) are calculated, and do not attempt to demonstrate every situation that may occur. Accordingly, the securities may or may not be redeemed prior to maturity and the payment at maturity may be less than the stated principal amount of the securities and may be zero.

Scenario 1: The securities are redeemed prior to maturity	Beginning after one year, when the underlying index closes at or above the initial index value on any quarterly determination date, the securities will be automatically redeemed for the applicable early redemption payment on the related early redemption date, corresponding to a return of at least 6.72% *per annum* (to be determined on the pricing date). Investors do not participate in any appreciation of the underlying index.
Scenario 2: The securities are not redeemed prior to maturity, and investors receive a fixed positive return at maturity	This scenario assumes that the underlying index closes below the initial index value on each of the quarterly determination dates (beginning after one year). Consequently, the securities are not redeemed prior to maturity. On the final determination date, the underlying index closes at or above the downside threshold level. At maturity, investors will receive a cash payment equal to at least $1,336 per stated principal amount, corresponding to a return of at least 6.72% *per annum* (to be determined on the pricing date). Investors do not participate in any appreciation of the underlying index.
Scenario 3: The securities are not redeemed prior to maturity, and investors suffer a significant loss of principal at maturity	This scenario assumes that the underlying index closes below the initial index value on each of the quarterly determination dates (beginning after one year). Consequently, the securities are not redeemed prior to maturity. On the final determination date, the underlying index closes below the downside threshold level. At maturity, investors will receive an amount equal to the stated principal amount multiplied by the index performance factor. Under these circumstances, the payment at maturity will be significantly less than the stated principal amount and could be zero.

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Principal at Risk Securities

Hypothetical Examples

The following hypothetical examples are for illustrative purposes only. Whether the securities are redeemed prior to maturity will be determined by reference to the index closing value on each of the quarterly determination dates (beginning after one year), and the payment at maturity will be determined by reference to the index closing value on the final determination date. The actual initial index value, downside threshold level and early redemption payment amounts will be determined on the pricing date. Some numbers appearing in the examples below have been rounded for ease of analysis. All payments on the securities are subject to our credit risk. The below examples are based on the following terms:

Hypothetical Initial Index Value:	1,600
Hypothetical Downside Threshold Level:	1,040, which is 65% of the hypothetical initial index value
Hypothetical Early Redemption Payment:	The hypothetical early redemption payment will be an amount in cash per stated principal amount (corresponding to a return of approximately 6.72% *per annum*) for each quarterly determination date (beginning after one year), as follows:

· 1st determination date:	$1,067.20
· 2nd determination date:	$1,084.00
· 3rd determination date:	$1,100.80
· 4th determination date:	$1,117.60
· 5th determination date:	$1,134.40
· 6th determination date:	$1,151.20
· 7th determination date:	$1,168.00
· 8th determination date:	$1,184.80
· 9th determination date:	$1,201.60
· 10th determination date:	$1,218.40
· 11th determination date:	$1,235.20
· 12th determination date:	$1,252.00
· 13th determination date:	$1,268.80
· 14th determination date:	$1,285.60
· 15th determination date:	$1,302.40

· 16th determination date: $1,319.20

No further payments will be made on the securities once they have been redeemed.

If the securities have not previously been redeemed, you will receive at maturity a cash payment per security as follows:

Payment at Maturity:	· If the final index value is **greater than or equal to** the downside threshold level: $1,336 (the actual payment at maturity for this scenario will be determined on the pricing date) · If the final index value is **less than** the downside threshold level: $1,000 × index performance factor **Under these circumstances, you will lose a significant portion or all of your investment.**
Stated Principal Amount:	$1,000

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Principal at Risk Securities

<u>Automatic Call:</u>

Example 1 — the securities are redeemed following the second determination date

Date	Index Closing Value	Payment (per Security)
1st Determination Date	1,400 (below the initial index value, securities are not redeemed)	--
2nd Determination Date	1,700 (at or above the initial index value, securities are automatically redeemed)	$1,084.00

In this example, the index closing value on the first determination date is below the initial index value, and the index closing value on the second determination date is at or above the initial index value. Therefore the securities are automatically redeemed on the second early redemption date. Investors will receive $1,084.00 per security on the related early redemption date, corresponding to an annual return of approximately 6.72%. No further payments will be made on the securities once they have been redeemed, and investors do not participate in the appreciation of the underlying index.

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Principal at Risk Securities

Payment at Maturity

In the following examples, the index closing value on each of the quarterly determination dates (beginning after one year) is less than the initial index value, and, consequently, the securities are not automatically redeemed prior to, and remain outstanding until, maturity.

Example 1 — the final index value is at or above the downside threshold level

Date	Index Closing Value	Payment (per Security)
1st Determination Date	1,500 (below the initial index value, securities are not redeemed)	--
2nd Determination Date	1,200 (below the initial index value, securities are not redeemed)	--
3rd Determination Date	1,100 (below the initial index value, securities are not redeemed)	--
4th Determination Date	1,300 (below the initial index value, securities are not redeemed)	--
5th to 16th Determination Dates	Various closing values (**all below** the initial index value, securities are not redeemed)	--
Final Determination Date	1,800 (at or above the downside threshold level)	$1,336

In this example, the index closing value is below the initial index value on each of the determination dates before the final determination date, and therefore the securities are not redeemed prior to maturity. On the final determination date, the underlying index has appreciated 80% from the hypothetical initial index value. At maturity, investors receive $1,336 per security, corresponding to an annual return of approximately 6.72%. However, investors do not participate in the appreciation of the underlying index over the term of the securities.

Example 2 — the final index value is below the downside threshold level

Date	Index Closing Value	Payment (per Security)
1st Determination Date	1,500 (below the initial index value, securities are not redeemed)	--

2nd Determination Date	1,200 (below the initial index value, securities are not redeemed)	--
3rd Determination Date	1,100 (below the initial index value, securities are not redeemed)	--
4th Determination Date	1,300 (below the initial index value, securities are not redeemed)	--
5th to 16th Determination Dates	Various closing values (**all below** the initial index value, securities are not redeemed)	--
Final Determination	800 (below the downside threshold	$1,000 × index performance factor =

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Date level) $1,000 × 50% = $500

In this example, the index closing value is below the initial index value on each of the determination dates before the final determination date, and therefore the securities are not redeemed prior to maturity. On the final determination date, the final index value is below the downside threshold level, and accordingly, investors are fully exposed to the negative performance of the underlying index over the term of the securities, and will receive a payment at maturity that is significantly less than the stated principal amount of the securities. The payment at maturity is $500 per security, representing a loss of 50% on your investment.

If the securities are not redeemed prior to maturity and the final index value is less than the downside threshold level, you will lose a significant portion or all of your investment in the securities.

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Risk Factors

The following is a list of certain key risk factors for investors in the securities. For further discussion of these and other risks, you should read the section entitled "Risk Factors" in the accompanying product supplement, index supplement and prospectus. We also urge you to consult with your investment, legal, tax, accounting and other advisers in connection with your investment in the securities.

§ **The securities do not pay interest or guarantee the return of any principal.** The terms of the securities differ from those of ordinary debt securities in that they do not pay interest or guarantee the return of any of the principal amount at maturity. If the securities have not been automatically redeemed prior to maturity and if the final index value is less than the downside threshold level, you will be exposed to the decline in the closing value of the underlying index, as compared to the initial index value, on a 1-to-1 basis, and you will receive for each security that you hold at maturity an amount equal to the stated principal amount *times* the index performance factor. In this case, the payment at maturity will be less than 65% of the stated principal amount and could be zero.

§ **The appreciation potential of the securities is limited by the fixed early redemption payment or payment at maturity specified for each determination date.** The appreciation potential of the securities is limited to the fixed early redemption payments specified for each determination date, if the underlying index closes at or above the initial index value on any of the first sixteen determination dates, or to the fixed upside payment at maturity, if the securities have not been redeemed and the final index value is at or above the downside threshold level. You will not participate in any appreciation of the underlying index, which could be significant.

§ **The market price will be influenced by many unpredictable factors.** Several factors, many of which are beyond our control, will influence the value of the securities in the secondary market and the price at which MS & Co. may be willing to purchase or sell the securities in the secondary market. We expect that generally the level of interest rates available in the market and the value of the underlying index on any day will affect the value of the securities more than any other factors. Other factors that may influence the value of the securities include:

o the volatility (frequency and magnitude of changes in value) of the Russell 2000® Index,

o geopolitical conditions and economic, financial, political, regulatory or judicial events that affect the component stocks of the underlying index or securities markets generally and which may affect the value of the underlying index,

o dividend rates on the securities underlying the Russell 2000® Index,

- o the time remaining until the securities mature,
- o interest and yield rates in the market,
- o the availability of comparable instruments,
- o the composition of the Russell 2000® Index and changes in the constituent stocks of such index, and
- o any actual or anticipated changes in our credit ratings or credit spreads.

Generally, the longer the time remaining to maturity, the more the market price of the securities will be affected by the other factors described above. Some or all of these factors will influence the price that you will receive if you sell your securities prior to maturity. You cannot predict the future performance of the Russell 2000® Index based on its historical performance. There can be no assurance that the closing value of the underlying index will be at or above the initial index value on any of the quarterly determination dates (beginning after one year) or above the downside threshold level on the final determination date so that you do not suffer a significant loss on your initial investment in the securities. See "Russell 2000® Index Overview" below.

§ **The securities are linked to the Russell 2000® Index and are subject to risks associated with small-capitalization companies.** The Russell 2000® Index consists of stocks issued by companies with relatively small market

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capitalization. These companies often have greater stock price volatility, lower trading volume and less liquidity than large-capitalization companies and therefore the underlying index may be more volatile than indices that consist of stocks issued by large-capitalization companies. Stock prices of small-capitalization companies are also more vulnerable than those of large-capitalization companies to adverse business and economic developments, and the stocks of small-capitalization companies may be thinly traded. In addition, small capitalization companies are typically less well-established and less stable financially than large-capitalization companies and may depend on a small number of key personnel, making them more vulnerable to loss of personnel. Such companies tend to have smaller revenues, less diverse product lines, smaller shares of their product or service markets, fewer financial resources and less competitive strengths than large-capitalization companies and are more susceptible to adverse developments related to their products.

§ **The securities are subject to our credit risk, and any actual or anticipated changes to our credit ratings or credit spreads may adversely affect the market value of the securities.** You are dependent on our ability to pay all amounts due on the securities upon an early redemption or at maturity and therefore you are subject to our credit risk. If we default on our obligations under the securities, your investment would be at risk and you could lose some or all of your investment. As a result, the market value of the securities prior to maturity will be affected by changes in the market's view of our creditworthiness. Any actual or anticipated decline in our credit ratings or increase in the credit spreads charged by the market for taking our credit risk is likely to adversely affect the market value of the securities.

§ **As a finance subsidiary, MSFL has no independent operations and will have no independent assets**. As a finance subsidiary, MSFL has no independent operations beyond the issuance and administration of its securities and will have no independent assets available for distributions to holders of MSFL securities if they make claims in respect of such securities in a bankruptcy, resolution or similar proceeding. Accordingly, any recoveries by such holders will be limited to those available under the related guarantee by Morgan Stanley and that guarantee will rank *pari passu* with all other unsecured, unsubordinated obligations of Morgan Stanley. Holders will have recourse only to a single claim against Morgan Stanley and its assets under the guarantee. Holders of securities issued by MSFL should accordingly assume that in any such proceedings they would not have any priority over and should be treated *pari passu* with the claims of other unsecured, unsubordinated creditors of Morgan Stanley, including holders of Morgan Stanley-issued securities.

§ **Reinvestment risk.** The term of your investment in the securities may be shortened due to the automatic early redemption feature of the securities. If the securities are redeemed prior to maturity, you will receive no further payments on the securities and may be forced to invest in a lower interest rate environment and may not be able to reinvest at comparable terms or returns. However, under no circumstances will the securities be redeemed in the first year of the term of the securities.

§ **The securities will not be listed on any securities exchange and secondary trading may be limited, and accordingly, you should be willing to hold your securities for the entire 5-year term of the securities.** The securities will not be listed on any securities exchange. Therefore, there may be little or no secondary market for the securities. MS & Co. may, but is not obligated to, make a market in the securities and, if it once chooses to make a market, may cease doing so at any time. When it does make a market, it will generally do so for transactions of routine secondary market size at prices based on its estimate of the current value of the securities, taking into account its bid/offer spread, our credit spreads, market volatility, the notional size of the proposed sale, the cost of unwinding any related hedging positions, the time remaining to maturity and the likelihood that it will be able to resell the securities. Even if there is a secondary market, it may not provide enough liquidity to allow you to trade or sell the securities easily. Since other broker-dealers may not participate significantly in the secondary market for the securities, the price at which you may be able to trade your securities is likely to depend on the price, if any, at which MS & Co. is willing to transact. If, at any time, MS & Co. were to cease making a market in the securities, it is likely that there would be no secondary market for the securities. Accordingly, you should be willing to hold your securities to maturity.

§ **Not equivalent to investing in the underlying index.** Investing in the securities is not equivalent to investing in the underlying index or its component stocks. Investors in the securities will not participate in any appreciation of the underlying index, and will not have voting rights or rights to receive dividends or other distributions or any other rights with respect to stocks that constitute the underlying index.

§ **The rate we are willing to pay for securities of this type, maturity and issuance size is likely to be lower than the rate implied by our secondary market credit spreads and advantageous to us. Both the lower rate and the inclusion of costs associated with issuing, selling, structuring and hedging the securities in the original issue price reduce the economic terms of the securities, cause the estimated value of the securities to be less than the original issue price and will adversely affect secondary market prices.** Assuming no change in market conditions or any other relevant factors, the prices, if any, at which dealers, including MS & Co., may be willing to purchase the securities in secondary market transactions will likely be significantly lower than the original issue price, because secondary market prices will exclude the issuing, selling, structuring and hedging-related costs that are included in the original issue price and borne by you and because the secondary market prices will reflect our secondary market credit spreads and the bid-offer spread that any dealer would charge in a secondary market transaction of this type as well as other factors.

The inclusion of the costs of issuing, selling, structuring and hedging the securities in the original issue price and the lower rate we are willing to pay as issuer make the economic terms of the securities less favorable to you than they otherwise would be.

However, because the costs associated with issuing, selling, structuring and hedging the securities are not fully deducted upon issuance, for a period of up to 6 months following the issue date, to the extent that MS & Co. may buy or sell the securities in the secondary market, absent changes in market conditions, including those related to the underlying index, and to our secondary market credit spreads, it would do so based on values higher than the estimated value, and we expect that those higher values will also be reflected in your brokerage account statements.

§ **The estimated value of the securities is determined by reference to our pricing and valuation models, which may differ from those of other dealers and is not a maximum or minimum secondary market price.** These pricing and valuation models are proprietary and rely in part on subjective views of certain market inputs and certain assumptions about future events, which may prove to be incorrect. As a result, because there is no market-standard way to value these types of securities, our models may yield a higher estimated value of the securities than those generated by others, including other dealers in the market, if they attempted to value the securities. In addition, the estimated value on the pricing date does not represent a minimum or maximum price at which dealers, including MS & Co., would be willing to purchase your securities in the secondary market (if any exists) at any time. The value of your securities at any time after the date of this document will vary based on many factors that cannot be predicted with accuracy, including our creditworthiness and changes in market conditions. See also “The market price will be influenced by many unpredictable factors” above.

§ **Hedging and trading activity by our affiliates could potentially affect the value of the securities.** One or more of our affiliates and/or third-party dealers expect to carry out hedging activities related to the securities (and to other instruments linked to the underlying index or its component stocks), including trading in the stocks that constitute the underlying index as well as in other instruments related to the underlying index. As a result, these entities may be unwinding or adjusting hedge positions during the term of the securities, and the hedging strategy may involve greater and more frequent dynamic adjustments to the hedge as the final determination date approaches. Some of our affiliates also trade the stocks that constitute the underlying index and other financial instruments related to the underlying index on a regular basis as part of their general broker-dealer and other businesses. Any of these hedging or trading activities on or prior to the pricing date could potentially increase the initial index value, and, therefore, could increase (i) the value at or above which the underlying index must close on the determination dates so that the securities are redeemed prior to maturity for the early redemption payment, and (ii) the downside threshold level, which is the value at or above which the underlying index must close on the final determination date so that you are not exposed to the negative performance of the underlying index at maturity. Additionally, such hedging or trading activities during the term of the securities could potentially affect the value of the underlying index on the determination dates, and, accordingly, whether we redeem the securities prior to maturity and the amount of cash you will receive at maturity, if any.

Morgan Stanley Finance LLC

Jump Securities with Auto-Callable Feature Based on the Performance of the