MORGAN STANLEY
Form 424B2
September 18, 2018

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities Offered	*Maximum Aggregate Offering Price*	*Amount of Registration Fee*
Buffered Participation Securities due 2021	$8,716,240	$1,085.17

PROSPECTUS dated November 16, 2017
PROSPECTUS SUPPLEMENT dated November 16, 2017
INDEX SUPPLEMENT Dated November 16, 2017

Pricing Supplement No. 968 to
Registration Statement Nos. 333-221595; 333-221595-01
Dated September 14, 2018
Rule 424(b)(2)

$8,716,240

Morgan Stanley Finance LLC

GLOBAL MEDIUM-TERM NOTES, SERIES A
Senior Notes

Buffered Participation Securities Linked to Global Equities due September 17, 2021

Based on a Performance-Allocation Basket Composed of the S&P 500® Index, the MSCI Europe® Index and the Russell 2000® Index

Fully and Unconditionally Guaranteed by Morgan Stanley

Principal at Risk Securities

The securities are unsecured obligations of Morgan Stanley Finance LLC ("MSFL") and are fully and unconditionally guaranteed by Morgan Stanley. Unlike ordinary debt securities, the securities do not pay interest and provide a minimum payment at maturity of only 10% of the stated principal amount. At maturity you will receive for each security that you hold an amount in cash that will vary depending on the performance of a basket composed of the S&P 500® Index (the "SPX Index"), the MSCI Europe® Index (the "MXEU Index") and the Russell 2000® Index (the "RTY Index"). We refer to each of these indices as a basket component. The weighting for each basket component is not set at the beginning of the term of the securities. Instead, in measuring the performance of the basket as a whole as of the determination date, the basket component with the best performance will be allocated a weighting of 45%, the basket component with the second-best performance will be allocated a weighting of 37% and the basket component with the worst performance will be allocated a weighting of 18%. At maturity, you will receive for each security that you hold an amount in cash that will vary depending on the basket performance measured on the determination date. If the basket performance is positive, meaning that the value of the basket has increased, you will receive a return on your investment equal to $10 plus the product of $10 and the basket performance. If the basket performance is negative, but is not less than -10%, meaning that the value of the basket has not decreased by more than the buffer amount of 10%, the securities will redeem for par. However, if the basket performance is negative and is less than -10%, meaning that the value of the basket has decreased by more than the buffer amount of 10%, investors will lose 1% for every 1%

decline beyond the buffer amount, subject to the minimum payment at maturity of $1 per security. ***Investors may lose up to 90% of the stated principal amount of the securities.*** *The securities are for investors who seek a return based on the performance of the basket components and who are willing to risk their principal and forgo current income in exchange for the buffer feature that applies to a limited range of performance of the basket. 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.

- *The stated principal amount and issue price of each security is $10.*
- *We will not pay interest on the securities.*
- *At maturity, you will receive an amount of cash per security based on the basket performance, which is determined on the determination date, as follows:*
  - *If the basket performance is positive, you will receive for each $10 stated principal amount of securities that you hold a payment at maturity equal to $10 plus the product of $10 and the basket performance.*
  - *If the basket performance is negative but is not less than -10%, meaning that the value of the basket has not decreased by more than the buffer amount of 10%, you will receive for each $10 stated principal amount of securities that you hold a payment at maturity equal to $10.*
  - *If the basket performance is negative and is less than -10%, meaning that the value of the basket has decreased by more than the buffer amount of 10%, you will receive for each $10 stated principal amount of securities that you hold a payment at maturity equal to $10 + [$10 × (basket performance + buffer amount)].*

Under these circumstances, the payment at maturity will be less, and possibly significantly less, than the stated principal amount of $10. However, under no circumstances will the securities pay less than the minimum payment at maturity of $1 per security.

- *The basket performance will equal the sum of the performance values for each of the basket components.*
- *The performance value for each basket component will equal (i) the product of the respective final value for each basket component minus the respective initial value for such basket component divided by the respective initial value for such basket component times (ii) the weighting for such basket component.*
- *The weighting for each basket component will be determined on the determination date based on the relative performance of the basket components against each other. The basket component with the best performance will be allocated a weighting of 45%, the basket component with the second-best performance will be allocated a weighting of 37% and the basket component with the worst performance will be allocated a weighting of 18%.*
- *The initial value for each basket component equals its respective index closing value on the pricing date.*
- *The final value for each basket component will equal its respective index closing value on the determination date.*
- *The pricing date, which is the day we priced the securities for initial sale to the public, September 14, 2018.*
- *The determination date will be September 14, 2021, subject to postponement for each basket component separately in the event of a non-index business day or a market disruption event.*

- *Investing in the securities is not equivalent to investing in the basket components or any of the component stocks of the S&P 500® Index, the MSCI Europe® Index or the Russell 2000® Index.*
- *The securities will not be listed on any securities exchange.*
- *The minimum purchase amount is $1,000 or 100 securities.*
- *The estimated value of the securities on the pricing date is $9.654 per security. See "Summary of Pricing Supplement" beginning on PS-3.*
- *The CUSIP number for the securities is 61768T100 and the ISIN number for the securities is US61768T1007.*

You should read the more detailed description of the securities in this pricing supplement. In particular, you should review and understand the descriptions in "Summary of Pricing Supplement" and "Description of Securities."

The securities are risker than ordinary debt securities. See "Risk Factors" beginning on PS-11.

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

PRICE $10 PER SECURITY

	Price to public	Agent's commissions and fees	Proceeds to us[3]
Per security	$10.00	$0.225[1]	
		$0.045[2]	$9.73
Total	$8,716,240	$235,338.48	$8,480,901.52

(1) *Selected dealers, including Morgan Stanley Wealth Management (an affiliate of the agent), and their financial advisors will collectively receive from the agent, MS & Co., a fixed sales commission of $0.225 for each security they sell. See "Description of Securities—Supplemental Information Concerning Plan of Distribution; Conflicts of Interest." For additional information, see "Plan of Distribution (Conflicts of Interest)" in the accompanying prospectus supplement.*

(2) *Reflects a structuring fee payable to Morgan Stanley Wealth Management by the agent or its affiliates of $0.045 for each security.*

(3) *See "Use of Proceeds and Hedging" on page PS-30.*

The agent for this offering, Morgan Stanley & Co. LLC, is our affiliate. See "Description of Securities—Supplemental Information Concerning Plan of Distribution; Conflicts of Interest" in this pricing supplement.

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.

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.

MORGAN STANLEY

For a description of certain restrictions on offers, sales and deliveries of the securities and on the distribution of this pricing supplement and the accompanying prospectus supplement, index supplement and prospectus relating to the securities, see the section of this pricing supplement called "Description of the Securities—Supplemental Information Concerning Plan of Distribution; Conflicts of Interest."

No action has been or will be taken by us, the agent or any dealer that would permit a public offering of the securities or possession or distribution of this pricing supplement or the accompanying prospectus supplement, index supplement or prospectus in any jurisdiction, other than the United States, where action for that purpose is required. Neither this pricing supplement nor the accompanying prospectus supplement, index supplement and prospectus may be used for the purpose of an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such an offer or solicitation.

In addition to the selling restrictions set forth in "Plan of Distribution (Conflicts of Interest)" in the accompanying prospectus supplement, the following selling restrictions also apply to the securities:

The securities have not been and will not be registered with the Comissão de Valores Mobiliários (The Brazilian Securities Commission). The securities may not be offered or sold in the Federative Republic of Brazil except in circumstances which do not constitute a public offering or distribution under Brazilian laws and regulations.

The securities have not been registered with the Superintendencia de Valores y Seguros in Chile and may not be offered or sold publicly in Chile. No offer, sales or deliveries of the securities or distribution of this pricing supplement or the accompanying prospectus supplement, index supplement or prospectus, may be made in or from Chile except in circumstances which will result in compliance with any applicable Chilean laws and regulations.

The securities have not been registered with the National Registry of Securities maintained by the Mexican National Banking and Securities Commission and may not be offered or sold publicly in Mexico. This pricing supplement and the accompanying prospectus supplement, index supplement and prospectus may not be publicly distributed in Mexico.

SUMMARY OF PRICING SUPPLEMENT

The following summary describes the securities in general terms only. You should read the summary together with the more detailed information that is contained in the rest of this pricing supplement and in the accompanying prospectus supplement, index supplement and prospectus. You should carefully consider, among other things, the matters set forth in "Risk Factors."

The securities offered are medium-term debt securities issued by MSFL and are fully and unconditionally guaranteed by Morgan Stanley. The return on the securities is linked to the performance of a basket composed of the S&P 500® Index (the "SPX Index"), the MSCI Europe® Index (the "MXEU Index") and the Russell 2000® Index (the "RTY Index"). We refer to each of these indices as a basket component. The weighting for each basket component is not set at the beginning of the term of the securities. Instead, in measuring the performance of the basket as a whole as of the determination date, the basket component with the best performance will be allocated a weighting of 45%, the basket component with the second-best performance will be allocated a weighting of 37% and the basket component with the worst performance will be allocated a weighting of 18%. At maturity, you will receive for each security that you hold an amount in cash that will vary depending on the basket performance, as measured on the determination date. If the basket performance is positive, meaning that the value of the basket has increased, you will receive a return on your investment equal to $10 plus the product of $10 and the basket performance. If the basket performance is negative, but is not less than -10%, meaning that the value of the basket has not decreased by more than the buffer amount of 10%, the securities will redeem for par. However, if the basket performance is negative and is less than -10%, meaning that the value of the basket has decreased by more than the buffer amount of 10%, investors will lose 1% for every 1% decline beyond the buffer amount, subject to the minimum payment at maturity of $1 per security. ***Investors may lose up to 90% of the stated principal amount of the securities.*** *All payments on the securities are subject to our credit risk.*

"Standard & Poor's®," "S&P®," "S&P 500®," "Standard & Poor's 500" and "500" are trademarks of Standard and Poor's Financial Services LLC.

The "MSCI Europe® Index" is a trademark of MSCI Inc.

The "Russell 2000® Index" is a trademark of Russell Investments.

Each security costs $10	We are offering the Buffered Participation Securities Linked to Global Equities due September 17, 2021 Based on a Performance-Allocation Basket Composed of the S&P 500® Index, the MSCI Europe® Index and the Russell 2000® Index, which we refer to as the securities. The stated principal amount and original issue price of each security is $10.

The original issue 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 is less than $10. We estimate that the value of the securities on the pricing date is $9.654.

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 basket components. The estimated value of the securities is determined using our own pricing and valuation models, market inputs and assumptions relating to the basket components, instruments based on the basket components, 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 buffer amount, 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 Morgan Stanley & Co. LLC, which we refer to as MS & Co., purchases the securities in the secondary market, absent changes in market conditions, including those related to the basket components, 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 basket components, 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.

The basket The following table sets forth the basket components along with the initial value (as defined below) and the relevant Bloomberg ticker symbol of each basket component:

Basket component	**Initial value**	**Bloomberg ticker symbol***
The S&P 500® Index (the “SPX Index”)	2,904.98	SPX
The MSCI Europe® Index (the “MXEU Index”)	127.23	MXEU
The Russell 2000® Index (the “RTY Index”)	1,721.719	RTY

*Bloomberg ticker symbols are being provided for reference purposes only. With respect to each basket component, the final value will be determined as set forth under “Description of Securities—Final Value.”

The securities do not guarantee the return of more than 10% of principal at maturity; basket component weightings set on the determination date

Unlike ordinary debt securities, the securities do not pay interest and provide for a minimum payment at maturity of only 10% of your principal. At maturity, you will receive for each $10 stated principal amount of securities that you hold an amount in cash that will vary depending on the value of the basket on the determination date, with the weightings of each basket component to be set on the determination date based on the relative performance of the basket components against each other, as described below. The payment at maturity may be significantly less than the stated principal amount of the securities. If the value of the basket has declined as of the determination date by more than the buffer amount of 10%, for every 1% decline beyond the buffer amount, you will lose an amount equal to 1% of the principal amount of your securities. However, under no circumstances will the payment at maturity be less than the minimum payment at maturity of $1 per security.

Payment at Maturity

Unlike ordinary debt securities, the securities do not pay interest. Instead, for each $10 stated principal amount of securities that you hold, you will receive an amount in cash determined as follows:

If the basket performance is positive, you will receive for each $10 stated principal amount of securities that you hold a payment at maturity equal to $10 plus the product of $10 and the basket performance.

If the basket performance is negative but is not less than -10%, meaning that the value of the basket has not decreased by more than the buffer amount of 10%, you will receive for each $10 stated principal amount of securities that you hold a payment at maturity equal to $10.

If the basket performance is negative and is less than -10%, meaning that the value of the basket has decreased by more than the buffer amount of 10%, you will receive for each $10 stated principal amount of securities that you hold a payment at maturity equal to $10 + [$10 × (basket performance + buffer amount)].

Where,

basket performance	=	the sum of the performance values for each basket component
performance value	=	with respect to each basket component, the product of (x) the final value for such basket component *minus* the initial value for such basket component *divided by* (y) the initial value of such basket component *times* (z) the weighting for such basket component, as expressed by the following formula:

$$\frac{(\text{final value} - \text{initial value})}{\text{initial value}} \times \text{weighting}$$

and

buffer amount = 10%

Basket Component Weightings Set on the Determination Date

The weighting for each basket component will not be set on the pricing date. Instead, the weightings will be based on the relative performance of the basket components against each other on the determination date as follows: the basket component with

the best performance will be allocated a weighting of 45%, the basket component with the second-best performance will be allocated a weighting of 37% and the basket component with the worst performance will be allocated a weighting of 18%.
The initial value for each basket component equals the index closing value of such basket component on the pricing date, as set forth above.
The final value for each basket component will equal the index closing value of such basket component on the determination date.

The scheduled determination date is September 14, 2021. If, however, the scheduled determination date is not an index business day with respect to any basket component or if a market disruption event occurs with respect to any basket component on the determination date, the determination date will be postponed, only with respect to the affected basket component, to the next index business day on which no market disruption event occurs with respect to that basket component. If the final value for any basket component has not been determined on the fifth scheduled index business day following the scheduled determination date, the calculation agent will determine the final value for that basket component as set out in the section of this pricing supplement called "Description of Securities—Determination Date." If, due to a market disruption event or otherwise, the determination date for any basket component is postponed and falls less than two business days prior to the scheduled maturity date, the maturity date will be postponed to the second business day following such determination date as postponed. See the section of this pricing supplement called "Description of Securities—Maturity Date."

If the basket performance is negative by more than the buffer amount as of the determination date, the payment at maturity will be less, and possibly significantly less, than the stated principal amount of $10. However, under no circumstances will the securities pay less than the minimum payment at maturity of $1 per security.

All payments on the securities, including the payment of the minimum payment at maturity, are subject to our credit risk.

Because the performance of the basket components may not be correlated, a negative performance by one or more of the basket components could wholly offset a positive performance by one or more of the other basket components.

Please review the historical closing values of the basket components in the section of this pricing supplement called "Description of Securities—Historical Information" for each calendar quarter in the period from January 1, 2013 through September 14, 2018 and related graphs. You cannot predict the future performance of any of the basket components or of the basket as a whole, or whether the positive performance of any basket component will be offset by a lesser positive performance or negative performance of one or more of the other basket components, based on their historical performance.

Morgan Stanley & Co. LLC will be the calculation agent	We have appointed our affiliate, Morgan Stanley & Co. LLC, which we refer to as MS & Co., to act as calculation agent for The Bank of New York Mellon, a New York banking corporation, the trustee for our senior notes. As calculation agent, MS & Co. has determined the initial value for each basket component, and will determine the final value for each basket component, the weighting for each basket component, the basket performance, whether a market disruption event has occurred and the payment that you will receive at maturity.

Morgan Stanley & Co. LLC will be the agent; conflicts of interest	The agent for the offering of the securities, MS & Co., a wholly owned subsidiary of Morgan Stanley and an affiliate of MSFL, will conduct this offering in compliance with the requirements of FINRA Rule 5121 of the Financial Industry Regulatory Authority, Inc., which is commonly referred to as FINRA, regarding a FINRA member firm's distribution of the securities of an affiliate and related conflicts of interest. MS & Co. or any of our other affiliates may not make sales in this offering to any discretionary account. See "Description of Securities—Supplemental Information Concerning Plan of Distribution; Conflicts of Interest" on PS-31.
Where you can find more information on the securities	The securities are unsecured debt securities issued as part of our Series A medium-term note program. You can find a general description of our Series A medium-term note program in the accompanying prospectus supplement dated November 16, 2017, the index supplement dated November 16, 2017 and the prospectus dated November 16, 2017. We describe the basic features of this type of debt security in the sections of the prospectus supplement called "Description of Notes—Notes Linked to Commodity Prices, Single Securities, Baskets of Securities or Indices" and in the section of the prospectus called "Description of Debt Securities—Fixed Rate Debt Securities." **Because this is a summary, it does not contain all of the information that may be important to you. For a detailed description of the terms of the securities, you should read the "Description of the Securities" section in this pricing supplement. You should also read about some of the risks involved in investing in the securities in the section called "Risk Factors." The tax and accounting treatment of investments in equity-linked securities such as these may differ from that of investments in ordinary debt securities or common stock. See the section of this pricing supplement called "Description of the Securities—United States Federal Taxation." We urge you to consult with your investment, legal, tax, accounting and other advisers in connection with your investment in the securities.**
How to reach us	Morgan Stanley Wealth Management clients may contact their local Morgan Stanley branch office or Morgan Stanley's principal executive offices at 1585 Broadway, New York, New York 10036 (telephone number (866) 477-4776). All other clients may contact their local brokerage representative. Third-party distributors may contact Morgan Stanley Structured Investment Sales at (800) 233-1087.

HYPOTHETICAL PAYOUTS ON THE SECURITIES

At maturity, you will receive for each security that you hold an amount in cash that will vary depending on the basket performance as of the determination date. If the basket performance is positive, meaning that the value of the basket has increased, you will receive a return on your investment equal to $10 plus the product of $10 and the basket performance. If the basket performance is negative, but is not less than -10%, meaning that the value of the basket has not decreased by more than the buffer amount of 10%, the securities will redeem for par. However, if the basket performance is negative and is less than -10%, meaning that the value of the basket has decreased by more than the buffer amount of 10%, investors will lose 1% for every 1% decline beyond the buffer amount, subject to the minimum payment at maturity of $1 per security.

In measuring the performance of the basket as a whole on the determination date, the basket component with the best performance will be allocated a weighting of 45%, the basket component with the second-best performance will be allocated a weighting of 37% and the basket component with the worst performance will be allocated a weighting of 18%.

The tables below are examples of how to calculate the basket performance and the payment at maturity on the securities based on hypothetical initial values and hypothetical final values for each of the basket components. The actual initial values were determined on the pricing date and are set forth in this document, and the actual final values will be determined on the determination date.

<u>Example 1: Basket performance is positive</u>

Basket Component	Hypothetical Initial Value	Hypothetical Final Value	Hypothetical Percentage Change	Weighting	Hypothetical Performance Value
SPX Index	2,100	1,995	–5% **(worst performance)**	18%	-0.90%
MXEU Index	125	137.50	10% **(second-best performance)**	37%	3.70%
RTY Index	1,200	1,440	20% **(best performance)**	45%	9.00%
Hypothetical basket performance:					11.80%

Basket performance = Sum of performance values of each basket component

Each performance value = [(final value - initial value) / initial value] × weighting

SPX Index = [(1,995 – 2,100) / 2,100] × 18% = -0.90%,
plus

MXEU Index = [(137.50 – 125) / 125] × 37% = 3.70%,

plus

RTY Index = [(1,440 – 1,200) / 1,200] × 45% = 9.00%,

Hypothetical basket performance = 11.80%

The payment at maturity per security is $10 + ($10 × 11.80%) = $11.18.

<u>Example 2: Basket performance is negative, but is not less than -10%, meaning that the value of the basket has not decreased by more than the buffer amount of 10%</u>

Basket Component	Hypothetical Initial Value	Hypothetical Final Value	Hypothetical Percentage Change	Weighting	Hypothetical Performance Value
SPX Index	2,100	2,310	10% **(best performance)**	45%	4.50%
MXEU Index	125	87.5	-30% **(worst performance)**	18%	-5.40%
RTY Index	1,200	1,020	-15% **(second-best performance)**	37%	-5.55%
Hypothetical basket performance:					-6.45%

Basket performance = Sum of performance values of each basket component

Each performance value = [(final value - initial value) / initial value] × weighting

SPX Index = [(2,310 – 2,100) / 2,100] × 45% = 4.50%,
plus

MXEU Index = [(87.5 – 125) / 125] × 18% = -5.40%,

plus

RTY Index = [(1,020 – 1,200) / 1,200] × 37% = -5.55%,

Hypothetical basket performance = -6.45%

The payment at maturity per security is $10.

As the basket performance is negative, but is not less than -10%, meaning that the value of the basket has not decreased by more than the buffer amount of 10%, the payment at maturity per security will be equal to the $10 stated principal amount.

<u>Example 3: Basket performance is negative and is less than -10%, meaning that the value of the basket has decreased by more than the buffer amount of 10%</u>

Basket Component	Hypothetical Initial Value	Hypothetical Final Value	Hypothetical Percentage Change	Weighting	Hypothetical Performance Value
SPX Index	2,100	1,155	-45% **(worst performance)**	18%	-8.10%
MXEU Index	125	137.50	10% **(best performance)**	45%	4.50%
RTY Index	1,200	720	-40% **(second-best performance)**	37%	-14.80%

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Hypothetical basket performance: -18.40%
Basket performance = Sum of performance values of each basket component

Each performance value = [(final value - initial value) / initial value] × weighting

SPX Index = [(1,155 – 2,100) / 2,100] × 18% = -8.10%,
plus

MXEU Index = [(137.50 – 125) / 125] × 45% = 4.50%,

plus

RTY Index = [(720 – 1,200) / 1,200] × 37% = -14.80%,

Hypothetical basket performance = -18.40%

The payment at maturity per security is $10 + [$10 × (-18.40% + 10.00%)] = $9.16.

As the basket performance is negative and is less than -10%, meaning that the value of the basket has decreased by more than the buffer amount of 10%, the payment at maturity per security will be equal to $10 + [$10 × (basket performance + buffer amount)].

In the above example, one of the basket components — the MXEU Index — has increased in value by 10% from its initial value, but the other two basket components have declined in value by 45% and 40%. Accordingly, although one of the basket components has increased in value, the significant declines in values of the other two basket components more than offset such increase and the basket performance is negative and less than -10%. Therefore, the payment at maturity per security will be less than the $10 stated principal amount.

While the weightings of the basket components are set on the determination date in a way that is favorable to the investors (45% for the best-performing basket component, 37% for the second-best performing basket component and 18% for the worst-performing basket component), the basket performance can still be negative if one or more basket components decline in value over the term of the securities.

If the basket performance is negative and is less than -10%, meaning that the value of the basket has decreased by more than the buffer amount of 10%, you will receive an amount in cash that is less than the $10 stated principal amount of each security by an amount proportionate to the decline in the value of the basket beyond the buffer amount, and you will lose money on your investment. **You could lose up to 90% of the stated principal amount of the securities.**

Please review the tables setting forth the historical performance of each of the basket components for each calendar quarter in the period from January 1, 2013 through September 14, 2018 and related graphs in "Description of Securities—Historical Information" beginning on PS-25. You cannot predict the future performance of any of the basket components or of the basket as a whole, or whether increases in the values of any of the basket components will be offset by decreases in the values of other basket components, based on their historical performance.

RISK FACTORS

The securities are not secured debt, and, unlike ordinary debt securities, do not guarantee the return of any principal at maturity and do not pay any interest. Investing in the securities is not equivalent to investing in the basket components, their component stocks or the indices tracked by the basket components. This section describes the most significant risks relating to the securities. For a further discussion of risk factors, please see the accompanying prospectus supplement, index supplement and prospectus.

The securities do not pay interest and provide a minimum payment at maturity of only 10% of your principal	The terms of the securities differ from those of ordinary debt securities in that we will not pay you any interest, and provide a minimum payment at maturity of only 10% of the stated principal amount. At maturity, you will receive for each $10 stated principal amount of securities that you hold an amount in cash based upon the basket performance, as measured on the determination date. If the basket performance is negative and is less than -10%, meaning that the value of the basket has decreased by more than the buffer amount of 10%, you will receive at maturity an amount in cash that is less than the $10 stated principal amount of each security by an amount proportionate to the decline in the value of the basket beyond the buffer amount, and you will lose money on your investment. **You could lose up to 90% of the stated principal amount of the securities.**
Changes in the values of one or more of the basket components may offset each other	Value movements in the basket components may not correlate with each other. At a time when the values of one or more basket components increase, the values of the other basket components may not increase as much, or may even decline. Therefore, in calculating the basket components' performance on the determination date, increases in the values of one or more basket components may be moderated, or wholly offset, by lesser increases or declines in the values of other basket components. However, there have been times in the past when the values of the basket components have been correlated, and while the best-performing basket component will be given the highest weight and the worst-performing basket component the lowest weight, the basket performance can still be negative if the values of one or more basket components decline over the term of the securities. If the basket performance is negative and is less than -10%, meaning that the value of the basket has decreased by more than the buffer amount of 10%, you will receive an amount in cash that is less than the $10 stated principal amount of each security by an amount proportionate to the decline in the value of the basket beyond the buffer amount, and you will lose money on your investment. You can review tables and graphs illustrating the historical performance of the basket components for the period from January 1, 2013 through September 14, 2018 in "Description of Securities—Historical Information" beginning on PS-25.

You cannot predict the future performance of any of the basket components, or of the basket as a whole, or whether increases in the value of any of the basket components will be offset by lesser increases or decreases in the value of other basket components based on their historical performance.

The market price of the securities 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, including: the value and volatility of the basket components, interest and yield rates in the market, time remaining to maturity, geopolitical conditions and economic, financial, political and regulatory or judicial events and any actual or anticipated changes in our credit ratings or credit spreads. You may receive less, and possibly significantly less, than the stated principal amount per security if you try to sell your securities prior to maturity.

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 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.

Adjustments to the basket components could adversely affect the value of the securities

The publisher of each index can add, delete or substitute the stocks underlying such index, and can make other methodological changes that could change the value of such index. Any of these actions could adversely affect the value of the securities. In addition, an index publisher may discontinue or suspend calculation or publication of the relevant index at any time. In these circumstances, MS & Co., as the calculation agent, will have the sole discretion to substitute a successor index for such index that is comparable to the discontinued index and is permitted to consider indices that are calculated and published by MS & Co. or any of its affiliates. If MS & Co. determines that there is no appropriate successor index for such index, the payment at maturity on the securities will be an amount based on the closing prices on the determination date of the securities constituting such index at the time of such discontinuance, without rebalancing or substitution, computed by the calculation agent in accordance with the formula for calculating such index last in effect prior to discontinuance of such index.

There are risks associated with investments in securities linked to the value of foreign equity securities

As the MSCI Europe® Index is one of the basket components, the securities are linked to the value of foreign equity securities. Investments in securities linked to the value of foreign equity securities involve risks associated with the securities markets in those countries, including risks of volatility in those markets, governmental intervention in those markets and cross-shareholdings in companies in certain countries. Also, there is generally less publicly available information about foreign companies than about U.S. companies that are subject to the reporting requirements of the United States Securities and Exchange Commission, and foreign companies are subject to accounting, auditing and financial reporting standards and requirements different from those applicable to U.S. reporting companies. The prices of securities issued in foreign markets may be affected by political, economic, financial and social factors in those countries, or global regions, including changes in government, economic and fiscal policies and currency exchange laws. Local securities markets may trade a small number of securities and may be unable to respond effectively to increases in trading volume, potentially making prompt liquidation of holdings difficult or impossible at times. Moreover, the economies in such countries may differ favorably or unfavorably from the economy in the United

States in such respects as growth of gross national product, rate of inflation, capital reinvestment, resources, self-sufficiency and balance of payment positions between countries.

The securities are linked to the Russell 2000® Index and are therefore subject to risks associated with small-capitalization companies

As the Russell 2000® Index is one of the basket components, and the Russell 2000® Index consists of stocks issued by companies with relatively small market capitalization, the securities are linked to the value of small-capitalization companies. These companies often have greater stock price volatility, lower trading volume and less liquidity than large-capitalization companies and therefore the Russell 2000® 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.

Investing in the securities is not equivalent to investing in the basket components

Investing in the securities is not equivalent to investing directly in the basket components or any of the component stocks of the S&P 500® Index, the MSCI Europe® Index or the Russell 2000® Index. Investors in the securities will not have voting rights or rights to receive dividends or other distributions or any other rights with respect to any of the component stocks of the S&P 500® Index, the MSCI Europe® Index or the Russell 2000® Index.

The securities will not be listed on any securities exchange and secondary trading may be limited

The securities will not be listed on any securities exchange. Therefore, there may be little or no secondary market for the securities. Morgan Stanley & Co. LLC, which we refer to as 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.

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

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

us. Both the lower rate and the	secondary market transaction of this type as well as other factors.

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	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 basket components, 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 pricing supplement 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 of the securities 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 have carried out, and will continue to carry out, hedging activities related to the securities (and to other instruments linked to the basket components or their component stocks), including trading in the stocks that constitute the basket components as well as in other instruments related to the basket components. 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 determination date approaches. Some of our affiliates also trade the stocks that constitute the basket components and other financial instruments related to the basket components 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 have increased the initial values, and, therefore, could have increased the values at or above which the basket components must close on the determination date so that an investor would not sustain a loss on their investment. Additionally, such hedging or trading activities during the term of the securities, including on the determination date, could adversely affect the values of the basket components on the determination date, and, accordingly, the amount of cash an investor will receive at maturity.
The calculation agent, which is a subsidiary of Morgan Stanley and an affiliate of MSFL, will make determinations with respect to the securities	As calculation agent, MS & Co. has determined the initial value for each basket component and will determine the final value for each basket component, the weighting for each basket component, the basket performance and the payment that you will receive at maturity. Moreover, certain determinations made by MS & Co. in its capacity as calculation agent, may require it to exercise discretion and make subjective judgments, such as with respect to the occurrence or non-occurrence of market disruption events, the selection of a successor index or calculation of any closing price

in the event of a market disruption event or discontinuance of an index tracked by a basket component, and certain adjustments to an adjustment factor. These potentially subjective determinations may adversely affect the payout to you at maturity. For further information regarding these types of determinations, see the sections of this pricing supplement called “Description of Securities—Determination Date” “—Payment at Maturity,” “—Performance Value,’ “—Initial Value,” “—Closing Price,” “—Final Value,” “—Market Disruption Event,” “—Alternate Exchar Calculation in Case of an Event of Default,” “—Discontinuance of an Underlying Index; Alteration of Method of Calculation” and “—Calculation Agent.” In addition, MS & Co. has determined the estimated value of the securities on the pricing date.

The U.S. federal income tax consequences of an investment in the securities are uncertain

Please note that the discussions in this pricing supplement concerning the U.S. federal income tax consequences of an investment in the securities supersede the discussions contained in the accompanying prospectus supplement.

Subject to the discussion under “United States Federal Taxation” in this pricing supplement, although there is uncertainty regarding the U.S. federal income tax consequences of an investment in the securities due to the lack of governing authority, in the opinion of our counsel, Davis Polk & Wardwell LLP (“our counsel”), under current law, and based on current market conditions, a security should be treated as a single financial contract that is an “open transaction” for U.S. federal income tax purposes.

If the Internal Revenue Service (the “IRS”) were successful in asserting an alternative treatment for the securities, the timing and character of income on the securities might differ significantly from the tax treatment described herein. For example, under one possible treatment, the IRS could seek to recharacterize the securities as debt instruments. In that event, U.S. Holders (as defined below) would be required to accrue into income original issue discount on the securities every year at a “comparable yield” determined at the time of issuance and recognize all income and gain in respect of the securities as ordinary income. The risk that financial instruments providing for buffers, triggers or similar downside protection features, such as the securities, would be recharacterized as debt is greater than the risk of recharacterization for comparable financial instruments that do not have such features. We do not plan to request a ruling from the IRS regarding the tax treatment of the securities, and the IRS or a court may not agree with the tax treatment described in this pricing supplement.

In 2007, the U.S. Treasury Department and the IRS released a notice requesting comments on the U.S. federal income tax treatment of “prepaid forward contracts” and similar instruments. The notice focuses in particular on whether to require holders of these instruments to accrue income over the term of their investment. It also asks for comments on a number of related topics, including the character of income or loss with respect to these instruments; whether short-term instruments should be subject to any such accrual regime; the relevance of factors such as the exchange-traded status of the instruments and the nature of the underlying property to which the instruments are linked; the degree, if any, to which income (including any mandated accruals) realized by Non-U.S. Holders (as defined below) should be subject to withholding tax; and whether these instruments are or should be subject to the “constructive ownership” rule, which very generally can operate to recharacterize certain long-term capital gain as ordinary income and impose an interest charge. While the notice requests comments on appropriate transition rules and effective dates, any Treasury regulations or other guidance promulgated after consideration of these issues could materially and adversely affect the tax consequences of an investment in the securities, possibly with retroactive effect.

Both U.S. and Non-U.S. Holders should read carefully the discussion under "United States Federal Taxation" in this pricing supplement and consult their tax advisers regarding all aspects of the U.S. federal tax consequences of an investment in the securities as well as any tax consequences arising under the laws of any state, local or non-U.S. taxing jurisdiction.

DESCRIPTION OF SECURITIES

Terms used but not defined herein have the meanings given to such terms in the accompanying prospectus supplement. The term “Security” refers to each $10 Stated Principal Amount of our Buffered Participation Securities Linked to Global Equities due September 17, 2021 Based on a Performance-Allocation Basket Composed of the S&P 500® Index, the MSCI Europe® Index and the Russell 2000® Index.

Aggregate Principal Amount	$8,716,240

Original Issue Date (Sett