

MORGAN STANLEY
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Free Writing Prospectus to Preliminary Terms No. 1,692

Morgan Stanley Finance LLC Registration Statement Nos. 333-221595; 333-221595-01

Structured Investments Dated March 4, 2019

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Dual Directional Buffered PLUS Based on the Value of the Worst Performing of the S&P 500® Index and the Russell 2000® Index due April 1, 2022

This document provides a summary of the terms of the Buffered PLUS offered by Morgan Stanley Finance LLC. Investors should review carefully the accompanying preliminary terms, product supplement, index supplement and prospectus prior to making an investment decision.

SUMMARY TERMS

Issuer: Morgan Stanley Finance LLC (“MSFL”)

Guarantor: Morgan Stanley

Maturity date: April 1, 2022

Underlying indices: S&P 500® Index (the “SPX Index”) and Russell 2000® Index (the “RTY Index”). For more information about the underlying indices, see the accompanying preliminary terms.

Valuation date: March 29, 2022, subject to adjustment for non-index business days and certain market disruption events

Payment at maturity: If the final index value of **each underlying index** is *greater than* its respective initial index value,

$\$1,000 + (\$1,000 \times \text{leverage factor} \times \text{index percent change of the worst performing underlying index})$

In no event will the payment at maturity exceed the maximum payment at maturity.

If the final index value of **either underlying index** is *less than or equal to* its respective initial index value but the final index value of **each underlying index** is *greater than or equal to* 80% of its respective initial index value, meaning that **neither** underlying index has decreased from its initial index value by an amount *greater than* the buffer amount of 20%,

$\$1,000 + (\$1,000 \times \text{absolute index return of the worst performing underlying index})$

If the final index value of **either underlying index** is *less than* 80% of its respective initial index value, meaning that **either** underlying index has decreased from its respective initial index value by an amount *greater than* the buffer amount of 20%,

$(\$1,000 \times \text{index performance factor of the worst performing underlying index}) + \200

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Under these circumstances, the payment at maturity will be less than the stated principal amount of \$1,000. However, under no circumstances will the Buffered PLUS pay less than \$200 per Buffered PLUS at maturity.

Index percent change:	With respect to each underlying index, (final index value – initial index value) / initial index value
Absolute index return:	The absolute value of the index percent change. For example, a -5% index percent change will result in a +5% absolute index return.
Worst performing underlying index:	The underlying index with the lesser index percent change
Index performance factor	With respect to each underlying index, final index value / initial index value
Initial index value:	With respect to the SPX Index, the index closing value of such index on the pricing date
Final index value:	With respect to the RTY Index, the index closing value of such index on the pricing date
Minimum payment at maturity:	With respect to each underlying index, the index closing value of such index on the valuation date
Maximum payment at maturity:	\$200 per Buffered PLUS (20% of the stated principal amount)
Buffer amount:	\$1,280 to \$1,330 per Buffered PLUS (128% to 133% of the stated principal amount). The actual maximum payment at maturity will be determined on the pricing date.
Stated principal amount:	20%
Pricing date:	\$1,000 per Buffered PLUS
Original issue date:	March 29, 2019
CUSIP / ISIN:	April 3, 2019 (3 business days after the pricing date)
Listing:	61768DY82 / US61768DY820
Agent:	The Buffered PLUS will not be listed on any securities exchange. Morgan Stanley & Co. LLC, an affiliate of MSFL and a wholly owned subsidiary of Morgan Stanley. See “Supplemental information regarding plan of distribution; conflicts of interest” in the accompanying preliminary terms. The agent commissions will be as set forth in the final pricing supplement.
Estimated value on the pricing date:	Approximately \$976.10 per Buffered PLUS, or within \$22.50 of that estimate. See “Investment Summary” in the accompanying preliminary terms.

Overview

The Dual Directional Buffered PLUS, or “Buffered PLUS,” are unsecured obligations of MSFL and are fully and unconditionally guaranteed by Morgan Stanley. The Buffered PLUS will pay no interest, provide a minimum payment at maturity of only 20% of the stated principal amount and have the terms described in the accompanying preliminary terms, product supplement for PLUS, index supplement and prospectus. The payment at maturity on the Buffered PLUS will be based on the value of the worst performing of the S&P 500® Index and the Russell 2000® Index. At maturity, if the final index value of **each** underlying index is **greater than** its respective initial index value, investors will receive the stated principal amount of their investment *plus* leveraged upside performance of the worst performing underlying index, subject to the maximum payment at maturity. If the final index value of **either** underlying index is **less than or equal** to its respective initial index value, but the final index value of **each** underlying index is **greater than or equal to** 80% of its respective initial index value, meaning that **neither** underlying index has decreased from its initial index value by an amount *greater than* the buffer amount of 20%, investors will receive the stated principal amount of their investment *plus* an unleveraged positive return based on the absolute value of the performance of the worst performing underlying index, which will be inherently limited to a maximum return of 20%. However, if the final index value of **either** underlying index is **less than** 80% of its respective initial index value, meaning that **either** underlying index has decreased from its respective initial index value by an amount *greater than* the buffer amount of 20%, the absolute return feature will no longer be available and instead investors will lose 1% for every 1% decline in the worst performing underlying index beyond the specified buffer amount, subject to the minimum payment at maturity of 20% of the stated principal amount. Investors may lose up to 80% of the stated principal amount of the Buffered PLUS. Because the payment at maturity of the Buffered PLUS is based on the worst performing of the underlying indices, a decline in **either** underlying index beyond the buffer amount will result in a loss, and potentially a significant loss, of your investment even if the other underlying index has appreciated or has not declined as much. The Buffered PLUS are for investors who seek an equity index-based return and who are willing to risk their principal, risk exposure to the worst performing of two underlying indices and forgo current income and upside above the maximum payment at maturity in exchange for the leverage, buffer and absolute return features that in each case apply to a limited range of performance of the worst performing underlying index. The Buffered PLUS are notes issued as part of MSFL’s Series A Global Medium-Term Notes program.

The Buffered PLUS differ from the PLUS described in the accompanying product supplement for PLUS in that the Buffered PLUS offer the potential for a positive return at maturity if the worst performing underlying index depreciates by no more than 20%.

All payments are subject to our credit risk. If we default on our obligations, you could lose some or all of your investment. These Buffered PLUS 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.

Investing in the Buffered PLUS involves risks. See “Selected Risks” on the following page and “Risk Factors” in the accompanying preliminary terms.

You should read this document together with the accompanying preliminary terms, product supplement, index supplement and prospectus describing the offering before you decide to invest. You may access the preliminary terms through the below link:

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https://www.sec.gov/Archives/edgar/data/895421/000095010319002865/dp103283_fwp-ps1692.htm

The issuer has filed a registration statement (including a prospectus) with the SEC for the offering to which this communication relates. Before you invest, you should read the prospectus in that registration statement and other documents the issuer has filed with the SEC for more complete information about the issuer and this offering. You may get these documents for free by visiting EDGAR on the SEC Web site at www.sec.gov. Alternatively, the issuer, any underwriter or any dealer participating in the offering will arrange to send you the prospectus if you request it by calling toll-free 1-800-584-6837.

Risk Considerations

The risks set forth below are discussed in more detail in the “Risk Factors” section in the accompanying preliminary terms. Please review those risk factors carefully prior to making an investment decision.

- The Buffered PLUS do not pay interest and provide a minimum payment at maturity of only 20% of the stated principal amount.
- The appreciation potential of the Buffered PLUS is limited by the maximum payment at maturity.
- You are exposed to the price risk of both underlying indices.
- Because the Buffered PLUS are linked to the performance of the worst performing underlying index, you are exposed to greater risk of sustaining a loss on your investment than if the Buffered PLUS were linked to just one underlying index.
- The market price of the Buffered PLUS will be influenced by many unpredictable factors.
- The Buffered PLUS 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 Buffered PLUS.
- As a finance subsidiary, MSFL has no independent operations and will have no independent assets.
- The Buffered PLUS are linked to the Russell 2000[®] Index and are subject to risks associated with small-capitalization companies.
- The amount payable on the Buffered PLUS is not linked to the values of the underlying indices at any time other than the valuation date.
- Investing in the Buffered PLUS is not equivalent to investing in either underlying index.
- Adjustments to the underlying indices could adversely affect the value of the Buffered PLUS.
- 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 Buffered PLUS in the original issue price reduce the economic terms of the Buffered PLUS, cause the estimated value of the Buffered PLUS to be less than the original issue price and will adversely affect secondary market prices.
- The estimated value of the Buffered PLUS 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.
- The Buffered PLUS will not be listed on any securities exchange and secondary trading may be limited.
- Hedging and trading activity by our affiliates could potentially adversely affect the value of the Buffered PLUS.
- The calculation agent, which is a subsidiary of Morgan Stanley and an affiliate of MSFL, will make determinations with respect to the Buffered PLUS.
- The U.S. federal income tax consequences of an investment in the Buffered PLUS are uncertain.

Tax Considerations

You should review carefully the discussion in the accompanying preliminary terms under the caption “Additional Information About the Buffered PLUS– Tax considerations” concerning the U.S. federal income tax consequences of an investment in the Buffered PLUS. However, you should consult your tax adviser regarding all aspects of the U.S. federal income tax consequences of an investment in the Buffered PLUS, as well as any tax consequences arising under the laws of any state, local or non-U.S. taxing jurisdiction.

Hypothetical Examples

The following hypothetical examples illustrate how to calculate the payment at maturity on the Buffered PLUS. The following examples are for illustrative purposes only. The actual initial index value for each underlying index will be determined on the pricing date. Any payment at maturity on the Buffered PLUS is subject to our credit risk. The below examples are based on the following terms:

Stated principal amount: \$1,000 per Buffered PLUS
 Leverage factor: 150%
 With respect to the SPX Index: 2,000

Hypothetical initial index value:
 With respect to the RTY Index: 1,100

Hypothetical maximum payment at maturity: \$1,305 per Buffered PLUS (130.50% of the stated principal amount, the midpoint of the specified range)
 Minimum payment at maturity: \$200 per Buffered PLUS (20% of the stated principal amount)
 Buffer amount: 20%

EXAMPLE 1: The final index value of each underlying index is greater than its respective initial index value.

Final index value	SPX Index: 2,200
	RTY Index: 1,540
Index percent change	SPX Index: $(2,200 - 2,000) / 2,000 = 10\%$ RTY Index: $(1,540 - 1,100) / 1,100 = 40\%$
Payment at maturity	$= \$1,000 + (\$1,000 \times \text{leverage factor} \times \text{index percent change of the worst performing underlying index}), \text{ subject to the maximum payment at maturity}$ $= \$1,000 + (\$1,000 \times 150\% \times 10\%), \text{ subject to the maximum payment at maturity}$ $= \$1,150$

In example 1, the final index values of both the SPX Index and RTY Index are greater than their initial index values. The SPX Index has appreciated by 10% while the RTY Index has appreciated by 40%. Therefore, investors receive at maturity the stated principal amount *plus* 150% of the appreciation of the worst performing underlying index, which is the SPX Index in this example, subject to the maximum payment at maturity. Investors receive \$1,150 per Buffered

PLUS at maturity.

EXAMPLE 2: The final index value of each underlying index is greater than its respective initial index value.

Final index value	SPX Index: 3,000
	RTY Index: 1,540
Index percent change	SPX Index: $(3,000 - 2,000) / 2,000 = 50\%$ RTY Index: $(1,540 - 1,100) / 1,100 = 40\%$
Payment at maturity	$= \$1,000 + (\$1,000 \times \text{leverage factor} \times \text{index percent change of the worst performing underlying index}), \text{ subject to the maximum payment at maturity}$ $= \$1,000 + (\$1,000 \times 150\% \times 40\%), \text{ subject to the maximum payment at maturity}$ $= \$1,305$

In example 2, the final index values of both the SPX Index and RTY Index are greater than their initial index values. The SPX Index has appreciated by 50% while the RTY Index has appreciated by 40%. Therefore, investors receive at maturity the stated principal amount *plus* 150% of the appreciation of the worst performing underlying index, which is the RTY Index in this example, subject to the maximum payment at maturity. Because the payment at maturity cannot exceed the maximum payment at maturity, investors receive \$1,305 per Buffered PLUS at maturity.

EXAMPLE 3: The final index value of one underlying index is greater than its respective initial index value while the final index value of the other underlying index is less than its respective initial index value, but neither underlying index has decreased from its initial index value by an amount greater than the buffer amount of 20%.

Final index value	SPX Index: 2,800
	RTY Index: 935
Index percent change	SPX Index: $(2,800 - 2,000) / 2,000 = 40\%$ RTY Index: $(935 - 1,100) / 1,100 = -15\%$
Payment at maturity	= \$1,000 + (\$1,000 × absolute index return of the worst performing underlying index) = \$1,000 + (\$1,000 × 15%) = \$1,150

In example 3, the final index value of the SPX Index is greater than its respective initial index value, while the final index value of the RTY Index is less than its respective initial index value. The SPX Index has appreciated by 40%, while the RTY index has declined by 15%, but neither underlying index has decreased from its initial index value by an amount greater than the buffer amount of 20%. Therefore, investors receive at maturity the stated principal amount *plus* 100% of the absolute value of the performance of the worst performing underlying index, which is the RTY Index in this example. Investors receive \$1,150 per Buffered PLUS at maturity. In this example, investors receive a positive return even though one of the underlying indices has declined in value by 15%, due to the absolute return feature of the Buffered PLUS and because neither underlying index has declined to below 80% of its initial index value.

EXAMPLE 4: The final index value of one underlying index is greater than its respective initial index value while the final index value of the other underlying index is less than 80% of its respective initial index value.

Final index value	SPX Index: 2,200
	RTY Index: 550
Index percent change	SPX Index: $(2,200 - 2,000) / 2,000 = 10\%$ RTY Index: $(550 - 1,100) / 1,100 = -50\%$
Index performance factor	SPX Index: $2,200 / 2,000 = 110\%$ RTY Index: $550 / 1,100 = 50\%$
Payment at maturity	= (\$1,000 × index performance factor of the worst performing underlying index) + \$200

$$\begin{aligned} &= (\$1,000 \times 50\%) + \$200 \\ &= \$700 \end{aligned}$$

In example 4, the final index value of the SPX Index is greater than its respective initial index value, while the final index value of the RTY Index is less than 80% of its respective initial index value. While the SPX Index has appreciated by 10%, the RTY index has declined by 50%. Therefore, investors are exposed to the negative performance of the RTY Index, which is the worst performing underlying index in this example, beyond the buffer amount of 20%, and receive a payment at maturity of \$700 per Buffered PLUS. In this example, investors lose the benefit of the absolute return feature and are exposed to the negative performance of the worst performing underlying index even though the other underlying index has appreciated in value by 10%, because the final index value of each index is not greater than or equal to 80% of its respective initial index value.

EXAMPLE 5: The final index value of each underlying index is less than its respective initial index value, but neither underlying index has decreased from its initial index value by an amount greater than the buffer amount of 20%.

Final index value	SPX Index: 1,700
	RTY Index: 880
Index percent change	SPX Index: $(1,700 - 2,000) / 2,000 = -15\%$
	RTY Index: $(880 - 1,100) / 1,100 = -20\%$
Payment at maturity	$= \$1,000 + (\$1,000 \times \text{absolute index return of the worst performing underlying index})$ $= \$1,000 + (\$1,000 \times 20\%)$ $= \$1,200$

In example 5, the final index value of each underlying index is less than its respective initial index value, but neither underlying index has decreased from its initial index value by an amount greater than the buffer amount of 20%. The SPX index has declined by 15% while the RTY Index has declined by 20%. Therefore, investors receive at maturity the stated principal amount *plus* 100% of the absolute value of the performance of the worst performing underlying index, which is the RTY Index in this example. Investors receive \$1,200 per Buffered PLUS at maturity.

EXAMPLE 6: The final index value of each underlying index is less than 80% of its respective initial index value.

Final index value	SPX Index: 600
	RTY Index: 440
Index percent change	SPX Index: $(600 - 2,000) / 2,000 = -70\%$
	RTY Index: $(440 - 1,100) / 1,100 = -60\%$
Index performance factor	SPX Index: $600 / 2,000 = 30\%$
	RTY Index: $440 / 1,100 = 40\%$
Payment at maturity	$= (\$1,000 \times \text{index performance factor of the worst performing underlying index}) + \200 $= (\$1,000 \times 30\%) + \200 $= \$500$

In example 6, the final index values of both the SPX Index and the RTY Index are less than their respective initial

index values by an amount greater than the buffer amount of 20%. The SPX index has declined by 70% while the RTY Index has declined by 60%. Therefore, investors are exposed to the negative performance of the SPX Index, which is the worst performing underlying index in this example, beyond the buffer amount of 20%, and receive a payment at maturity of \$500 per Buffered PLUS.

Because the payment at maturity of the Buffered PLUS is based on the worst performing of the underlying indices, a decline in either underlying index by an amount greater than the buffer amount of 20% will result in a loss, and potentially a significant loss, of your investment, even if the other underlying index has appreciated or has not declined as much.

S&P 500[®] Index Historical Performance

The following graph sets forth the daily index closing values of the S&P 500[®] Index for each quarter in the period from January 1, 2014 through February 28, 2019. You should not take the historical values of the S&P 500[®] Index as an indication of its future performance, and no assurance can be given as to the index closing value of the S&P 500[®] Index on the valuation date.

S&P 500[®] Index

Daily Index Closing Values

January 1, 2014 to February 28, 2019

Russell 2000[®] Index Historical Performance

The following graph sets forth the daily index closing values of the Russell 2000[®] Index for each quarter in the period from January 1, 2014 through February 28, 2019. You should not take the historical values of the Russell 2000[®] Index as an indication of its future performance, and no assurance can be given as to the index closing value of the Russell 2000[®] Index on the valuation date.

Russell 2000[®] Index

Daily Index Closing Values

January 1, 2014 to February 28, 2019