MORGAN STANLEY
Form 424B2
August 30, 2018

***CALCULATION OF REGISTRATION FEE***

| *Title of Each Class of Securities Offered* | *Maximum Aggregate Offering Price* | *Amount of Registration Fee* |
|---|---|---|
| Enhanced Buffered Jump Securities due 2023 | $500,000 | $62.25 |

August 2018

Pricing Supplement No. 843

Registration Statement Nos. 333-221595; 333-221595-01

Dated August 28, 2018

Filed pursuant to Rule 424(b)(2)

Morgan Stanley Finance LLC

Structured Investments

Opportunities in U.S. Equities

Enhanced Buffered Jump Securities Based on the Value of the S&P 500® Index due August 31, 2023

**Fully and Unconditionally Guaranteed by Morgan Stanley**

**Principal at Risk Securities**

The Enhanced Buffered Jump Securities, which we refer to as the securities, are unsecured obligations of Morgan Stanley Finance LLC (“MSFL”) and are fully and unconditionally guaranteed by Morgan Stanley. The securities will pay no interest but will instead pay an amount in cash at maturity that may be greater than or less than the stated principal amount depending on the closing value of the underlying index **on the valuation date**. If the closing value of the underlying index on the valuation date is **at or above** 85% of the initial index value, which we refer to as the downside threshold value, you will receive, in addition to the principal amount, a minimum of the upside payment of $280.00 per security. If the underlying index appreciates by more than 28% over the term of the securities, you will receive for each security you hold at maturity the stated principal amount plus an amount based on the percentage increase of the underlying index, subject to the maximum payment at maturity. However, if the closing value of the underlying index on the valuation date is **below** 85% of the initial index value, you will be exposed to the decline in the level of the underlying index beyond the buffer amount of 15%, and you will lose some or a significant portion of your initial investment. These long-dated securities are for investors who seek an equity index-based return and who are willing to risk their principal and forgo current income and returns above the maximum payment at maturity in exchange for the potential to receive the minimum upside return if the final index value is at or above the downside threshold value. **The payment at maturity may be significantly less than the stated principal amount, and you could lose up to 85% of your investment.** 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.**

FINAL TERMS

| | |
|---|---|
| **Issuer:** | Morgan Stanley Finance LLC |
| **Guarantor:** | Morgan Stanley |
| **Aggregate principal amount:** | $500,000 |
| **Stated principal amount:** | $1,000 per security |
| **Issue price:** | $1,000 per security (see “Commissions and issue price” below) |
| **Pricing date:** | August 28, 2018 |
| **Original issue date:** | August 31, 2018 (3 business days after the pricing date) |
| **Maturity date:** | August 31, 2023 |
| **Underlying index:** | S&P 500® Index |
| **Payment at maturity:** | If the final index value is **at or above** the downside threshold value:<br><br>$1,000 + the *greater* of (i) $1,000 × the index percent change and (ii) the upside payment<br><br>In no event will the payment at maturity exceed the maximum payment at maturity.<br><br>If the final index value is **below** the downside threshold value:<br><br>$1,000 × (index performance factor + buffer amount)<br><br>*In this scenario, the payment at maturity will be less than the stated principal amount, subject to the minimum payment at maturity of $150 per security.* |
| **Upside payment:** | $280.00 per security (28% of the stated principal amount) |

| | | | |
|---|---|---|---|
| **Index percent change:** | (final index value – initial index value) / initial index value | | |
| **Index performance factor:** | final index value / initial index value | | |
| **Initial index value:** | 2,897.52, which is the index closing value on the pricing date | | |
| **Final index value:** | The index closing value on the valuation date | | |
| **Buffer amount:** | 15% | | |
| **Downside threshold value:** | 2,462.892, which is 85% of the initial index value | | |
| **Maximum payment at maturity:** | $1,500 per security (150% of the stated principal amount) | | |
| **Minimum payment at maturity:** | $150 per security | | |
| **Valuation date:** | August 28, 2023, subject to postponement for non-index business days and certain market disruption events | | |
| **CUSIP / ISIN:** | 61768DBG9 / US61768DBG97 | | |
| **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:** | $963.20 per security. See “Investment Summary” beginning on page 2. | | |
| **Commissions and issue price:** | **Price to public[(1)]** | **Agent’s commissions[(2)]** | **Proceeds to us[(3)]** |
| **Per security** | $1,000 | $33 | $967 |
| **Total** | $500,000 | $16,500 | $483,500 |

*(1) The price to public for investors purchasing the securities in the fee-based advisory accounts will be $975.00 per security.*

*(2) Selected dealers and their financial advisors will collectively receive from the agent, MS & Co., a fixed sales commission of $33 for each security they sell; provided that dealers selling to investors purchasing the securities in fee-based advisory accounts will receive a sales commission of $8 per security. 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.*

*(3) See “Use of proceeds and hedging” on page 17.*

**The securities involve risks not associated with an investment in ordinary debt securities. See “Risk Factors” beginning on page 10.**

**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 Information About the Securities” at the end of this document.**

**References to “we,” “us” and “our” refer to Morgan Stanley or MSFL, or Morgan Stanley and MSFL collectively, as the context requires.**

| **Product Supplement for Jump Securities dated November 16, 2017** | **Index Supplement dated November 16, 2017** | **Prospectus dated November 16, 2017** |
|---|---|---|

Morgan Stanley Finance LLC

Enhanced Buffered Jump Securities Based on the Value of the S&P 500® Index due August 31, 2023

Principal at Risk Securities

Investment Summary

Enhanced Buffered Jump Securities

Principal at Risk Securities

Enhanced Buffered Jump Securities Based on the Value of the S&P 500® Index due August 31, 2023 (the "securities") can be used:

§ As an alternative to direct exposure to the underlying index that provides a minimum positive return of 28% if the underlying index has appreciated or has not depreciated by more than 15% over the term of the securities and offers 1-to-1 participation in the index appreciation of greater than 28%, subject to the maximum payment at maturity;

§ To enhance returns and potentially outperform the underlying index in a moderately bullish scenario;

§ To obtain a buffer against a specified level of negative performance of the underlying index.

The securities are exposed to the performance of the S&P 500® Index, but provide a minimum upside payment payable at maturity if the index closing value on the valuation date is at or above the downside threshold value. However, if the final index value is less than the downside threshold value, the securities are exposed on a 1:1 basis to the percentage decline in the index value beyond the buffer amount of 15%. Accordingly, 85% of your principal is at risk.

| | |
|---|---|
| **Maturity:** | 5 years |
| **Upside payment:** | $280.00 per security (28% of the stated principal amount) |
| **Downside threshold value:** | 85% of the initial index value |
| **Buffer amount:** | 15% |
| **Maximum payment at maturity:** | $1,500 per security (150% of the stated principal amount) |

| | |
|---|---|
| **Minimum payment at maturity:** | $150 per security. You could lose up to 85% of the stated principal amount of the securities. |
| **Interest:** | None |

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 is less than $1,000. We estimate that the value of each security on the pricing date is $963.20.

*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 upside payment, the maximum payment at maturity, the downside threshold value, the buffer amount and the minimum payment at maturity, 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.

Morgan Stanley Finance LLC

Enhanced Buffered Jump Securities Based on the Value of the S&P 500® Index due August 31, 2023

Principal at Risk Securities

*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.

Morgan Stanley Finance LLC

Enhanced Buffered Jump Securities Based on the Value of the S&P 500® Index due August 31, 2023

Principal at Risk Securities

Key Investment Rationale

This 5-year investment offers a minimum positive return of 28% if the final index value is *greater than or equal to* 85% of the initial index value, which we refer to as the downside threshold value, and 1-to-1 participation in the index appreciation of greater than 28%, subject to the maximum payment at maturity. However, if the final index value is *less than* the downside threshold value, the payment at maturity will be less, and possibly significantly less, than the stated principal amount of the securities. You could lose up to 85% of the stated principal amount of the securities.

| | |
|---|---|
| Upside Scenario | The final index value is *at or above* the downside threshold value, and, at maturity, the securities pay the stated principal amount of $1,000 *plus* the *greater* of (i) $1,000 *times* the index percent change and (ii) the upside payment of $280.00 per security. In no event will the payment at maturity exceed the maximum payment at maturity of $1,500 per security. |
| Downside Scenario | The final index value is *below* the downside threshold value, and, at maturity, the securities pay less than the stated principal amount by an amount proportionate to the decline in the final index value from the initial index value beyond the buffer amount of 15%, subject to the minimum payment at maturity of $150 per security (e.g., a 50% decline in the index will result in a payment at maturity of $650 per security). |

Morgan Stanley Finance LLC

Enhanced Buffered Jump Securities Based on the Value of the S&P 500® Index due August 31, 2023

Principal at Risk Securities

Hypothetical Payment on the Securities at Maturity

Payoff Diagram

The payoff diagram below illustrates the payment at maturity on the securities based on the following terms:

| | |
|---|---|
| Stated principal amount: | $1,000 |
| Downside threshold value: | 85% of the initial index value |
| Buffer amount: | 15% |
| Upside payment: | $280.00 per security (28% of the statement principal amount) |
| Maximum payment at maturity: | $1,500 |

Payoff Diagram for the Securities

How it works

- **Upside Scenario.** If the final index value is greater than or equal to the downside threshold value, the investor would receive $1,000 *plus* the greater of (i) $1,000 *times* the index percent change and (ii) the upside payment of $280.00 per security. In no event will the payment at maturity exceed the maximum payment at maturity. Under the terms of the securities, an investor would receive a payment at maturity of $1,280 per security if the final index value has remained unchanged or has increased by no more than 28% from the initial index value, and would receive $1,000 *plus* an amount that represents a 1-to-1 participation in the appreciation of the underlying index, subject to the maximum payment at maturity, if the final index value has increased from the initial index by more than 28%.

- **Downside Scenario.** If the final index value is below the downside threshold value, the payment at maturity would be less than the stated principal amount of $1,000 by an amount that is proportionate to the decline in the final index value

from the initial index value beyond the buffer amount of 15%. In this scenario, the investor would lose some or a significant portion of the amount invested in the securities. For example, if the final index value declines by 40% from the initial index value, the payment at maturity would be $750 per security (75% of the stated principal amount).

Morgan Stanley Finance LLC

Enhanced Buffered Jump Securities Based on the Value of the S&P 500® Index due August 31, 2023

Principal at Risk Securities

Hypothetical Examples

The following table and examples illustrate the return on the securities and the payment at maturity for a range of hypothetical percentage changes in the final index value from the initial index value, depending on whether or not the final index value is below the downside threshold value. They are based on the following values:

| | |
|---|---|
| Stated principal amount: | $1,000 |
| Hypothetical initial index value: | 2,500 |
| Hypothetical downside threshold value: | 2,125 (85% of the hypothetical initial index value) |
| Buffer amount: | 15% |
| Upside payment: | $280.00 per security |
| Maximum payment at maturity: | $1,500 |

| **Final index value** | **Underlying index return** | **Return on securities** | **Payment at maturity (per $1,000 security)** |
|---|---|---|---|
| 5,000 | 100% | 50.00% | $1,500 |
| 4,750 | 90% | 50.00% | $1,500 |
| 4,500 | 80% | 50.00% | $1,500 |
| 4,250 | 70% | 50.00% | $1,500 |
| 4,000 | 60% | 50.00% | $1,500 |
| 3,750 | 50% | 50.00% | $1,500 |
| 3,500 | 40% | 40.00% | $1,400 |
| 3,250 | 30% | 30.00% | $1,300 |
| 3,200 | 28% | 28.00% | $1,280 |
| 3,000 | 20% | 28.00% | $1,280 |
| 2,875 | 15% | 28.00% | $1,280 |
| 2,750 | 10% | 28.00% | $1,280 |
| 2,625 | 5% | 28.00% | $1,280 |
| 2,500 | 0% | 28.00% | $1,280 |
| 2,375 | -5% | 28.00% | $1,280 |
| 2,250 | -10% | 28.00% | $1,280 |
| 2,125 | -15% | 28.00% | $1,280 |
| 2,100 | -16% | -1.00% | $990 |
| 2,000 | -20% | -5.00% | $950 |
| 1,750 | -30% | -15.00% | $850 |
| 1,500 | -40% | -25.00% | $750 |
| 1,250 | -50% | -35.00% | $650 |

| | | | |
|---|---|---|---|
| 1,000 | -60% | -45.00% | $550 |
| 750 | -70% | -55.00% | $450 |
| 500 | -80% | -65.00% | $350 |
| 250 | -90% | -75.00% | $250 |
| 0 | -100% | -85.00% | $150 |

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Principal at Risk Securities

**EXAMPLE 1: The final index value is above the downside threshold value and has increased from the initial index value by 60%. Your return will be equal to the maximum payment at maturity, and you do not participate in the full appreciation of the underlying index.**

| | | |
|---|---|---|
| Hypothetical final index value | = | 4,000 |
| Payment at maturity | = | Maximum payment at maturity |
| | = | $1,500.00 |

**Payment at maturity = $1,500.00 per security**

**EXAMPLE 2: The final index value is above the downside threshold value and has increased from the initial index value by 40%. You participate in the appreciation of the underlying index.**

| | | |
|---|---|---|
| Hypothetical final index value | = | 3,500 |
| Index performance factor | = | final index value / initial index value |
| | = | 3,500 / 2,500 |
| | = | 140% |
| Payment at maturity | = | $1,000 × (index performance factor) |
| | = | $1,000 x (140%) = |
| | = | $1,400.00 |

**Payment at maturity = $1,400.00 per security**

**EXAMPLE 3: The final index value is above the downside threshold value and has increased from the initial index value by 20%. Your return will be equal to the upside payment.**

| | | |
|---|---|---|
| Hypothetical final index value | = | 3,000 |
| Payment at maturity | = | stated principal amount + upside |

payment
$1,000.00
=+
$280.00

**Payment at maturity = $1,280.00 per security**

**EXAMPLE 4: The final index value has declined from the initial index value by 5% but is greater than the downside threshold value. You receive the stated principal amount plus the upside payment.**

| | | |
|---|---|---|
| Hypothetical final index value | = | 2,375 |
| Payment at maturity | = | stated principal amount + upside payment |
| | = | $1,000 + $280.00 |
| | = | $1,280.00 |

**Payment at maturity = $1,280.00 per security**

**EXAMPLE 5: The final index value has declined from the initial index value by 50% and is below the downside threshold value. You are exposed to the decline in the final index value from the initial index value beyond the buffer amount of 15%.**

| | | |
|---|---|---|
| Hypothetical final index value | = | 1,250 |
| Index performance factor | = | final index value / initial index value |
| | | 1,250 / 2,500 |
| | = | 50% |
| Payment at maturity | = | $1,000 × (index performance factor + 15%) |

$1,000 x (50% +15%)
=
$1,000 x (65%)
=$650

**Payment at maturity = $650.00 per security**

If the final index value is less than the downside threshold value, you will lose some or a significant portion of your investment in an amount proportionate to the decline in the final index value from the initial index value beyond the buffer amount of 15%. You could lose up to 85% of your investment.

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Principal at Risk Securities

## Risk Factors

*The following is a non-exhaustive 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 for Jump Securities, index supplement and prospectus. You should also consult with your investment, legal, tax, accounting and other advisers in connection with your investment in the securities.*

§ **The securities do not pay interest and provide for the minimum payment at maturity of only 15% of your principal.** The terms of the securities differ from those of ordinary debt securities in that the securities do not pay interest and provide for the minimum return of only 15% of the principal amount at maturity. If the final index value is *less than* the downside threshold value, the payout at maturity will be an amount in cash that is less than the $1,000 stated principal amount of each security, reflecting the negative performance of the underlying index over the term of the securities beyond the buffer amount of 15%. **You could lose up to 85% of the stated principal amount of the securities.**

§ **The appreciation potential of the securities is limited by the maximum payment at maturity.** The appreciation potential of the securities is limited by the maximum payment at maturity of $1,500 per security, or 150% of the stated principal amount. Because the payment at maturity will be limited to 150% of the stated principal amount for the securities, any increase in the level of the index beyond 150% of the initial index value will not further increase the return on the securities.

§ **You will not benefit from the upside payment if the final index value is below the downside threshold value.** If the final index value is less than the downside threshold value, the payment at maturity will depend solely on the closing value of the underlying index on the valuation date, and, accordingly, you will lose the benefit of the limited protection against the loss of principal based on the upside payment. Instead, under these circumstances, you will be exposed on a 1-to-1 basis to the decline in the closing value of the underlying index beyond the buffer amount of 15%, and you will lose some or a significant portion of your investment.

§ **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 (including whether the value is below the downside threshold value), volatility (frequency and magnitude of changes in value) and dividend yield of the underlying index, 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. 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. 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.

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Principal at Risk Securities

- **The amount payable on the securities is not linked to the value of the underlying index at any time other than the valuation date**. The final index value will be based on the index closing value on the valuation date, subject to postponement for non-index business days and certain market disruption events. Even if the value of the underlying index appreciates prior to the valuation date but then drops by the valuation date to be below the downside threshold value, the payment at maturity will be significantly less than it would have been had the payment at maturity been linked to the value of the underlying index prior to such drop. Although the actual value of the underlying index on the maturity date or at other times during the term of the securities may be higher than the final index value, the payment at maturity will be based solely on the index closing value on the valuation date.

- **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. 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.

- **Investing in the securities is 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 have voting rights or rights to receive dividends or other distributions or any other rights with respect to stocks that constitute the underlying index.

- **Adjustments to the underlying index could adversely affect the value of the securities.** The publisher of the underlying index can add, delete or substitute the stocks constituting the underlying index, and can make other methodological changes required by certain events relating to the underlying stocks, such as stock dividends, stock splits, spin-offs, rights offerings and extraordinary dividends, that could change the value of the underlying index. Any of these actions could adversely affect the value of the securities. The publisher of the underlying index may discontinue or suspend calculation or publication of the underlying index at any time. In these circumstances, MS & Co., as the calculation agent, will have the sole discretion to substitute a successor index that is comparable to the discontinued index. MS & Co. could have an economic interest that is different than that of investors in the securities insofar as, for example, MS & Co. 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, the payout on the securities

at maturity will be an amount based on the closing prices on the valuation date of the stocks underlying the discontinued index at the time of such discontinuance, without rebalancing or substitution, computed by the calculation agent in accordance with the formula for calculating the underlying index last in effect prior to the discontinuance of 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 of the securities will be influenced by many unpredictable factors" above.

§ **Hedging and trading activity by our affiliates could potentially adversely 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 possibly 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 valuation 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 have increased the initial index value, and, therefore, could have increased the level at or above which the index must close on the valuation date so that investors do not suffer a loss on their initial investment in the securities. Additionally, such hedging or trading activities during the term of the securities, including on the valuation date, could adversely affect the final index value, 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 index value and the downside threshold value, will determine the final index value, the index percent change or the index performance factor, as applicable, and whether the final index value is below the downside threshold value, and will calculate the amount of cash 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 and the selection of a successor index or calculation of the index closing value in the event of a market disruption event or discontinuance of the underlying index. These potentially subjective determinations may adversely affect the payout to you at maturity. For further information regarding these types of determinations, see "Description of Securities—Postponement of Valuation Date(s)," "—Discontinuance of Any Underlying Index or Basket Index; Alteration of Method of Calculation," "—Alternate Exchange Calculation in case of an Event of Default" and "—Calculation Agent and Calculations" in the accompanying product supplement. 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 read the discussion under "Additional Provisions—Tax considerations" in this document and the discussion under "United States Federal Taxation" in the accompanying product supplement for Jump Securities (together, the "Tax Disclosure Sections") concerning the U.S. federal income tax consequences of an investment in the securities. If the Internal Revenue Service (the "IRS") were successful in asserting an alternative treatment, the timing and character of income on the securities might

differ significantly from the tax treatment described in the Tax Disclosure Sections. For example, under one possible treatment, the IRS could seek to recharacterize the securities as debt instruments. In that event, U.S. Holders would be