

FIRST BASE PROSPECTUS SUPPLEMENT

MORGAN STANLEY B.V.

as Issuer

(incorporated with limited liability in The Netherlands)

Morgan Stanley

as Guarantor

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

SECURED NOTE, WARRANT AND CERTIFICATE PROGRAMME

Morgan Stanley B.V. (“**MSBV**” or the “**Issuer**”) and Morgan Stanley in its capacity as guarantor (the “**Guarantor**”) have prepared this first base prospectus supplement (the “**First Base Prospectus Supplement**”) to supplement and be read in conjunction with the base prospectus dated 12 December 2016 (the “**Base Prospectus**”), of MSBV relating to the programme for the issuance of secured notes, warrants and certificates.

This First Base Prospectus Supplement has been approved by the Central Bank of Ireland as competent authority for the purpose of Directive 2003/71/EC, as amended (the “**Prospectus Directive**”) and relevant implementing measures in Ireland, as a base prospectus supplement issued in compliance with Article 16.1 of the Prospectus Directive and relevant implementing measures in Ireland. The Central Bank only approves this First Base Prospectus Supplement as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive.

Terms defined in the Base Prospectus shall have the same meaning when used in this First Base Prospectus Supplement. To the extent that there is any inconsistency between any statement in this First Base Prospectus Supplement and any other statement in the Base Prospectus, the statements in this First Base Prospectus Supplement will prevail.

The purpose of this First Base Prospectus Supplement is to: (i) update the disclosure in the Base Prospectus in respect of United States taxation considerations; and (ii) make certain amendments to the pro forma Final Terms contained in the Base Prospectus in respect of United States taxation considerations which may be applicable to Securities issued under the Program.

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

Save as disclosed in this First Base Prospectus Supplement, no significant new factor, material mistake or inaccuracy relating to information included in the Base Prospectus has arisen since the publication of the Base Prospectus.

This First Base Prospectus Supplement is available for viewing, and copies may be obtained from, the offices of the Issuer and the Paying Agents and is also available at www.morganstanley.com/about-us-ir or www.morganstanleyiq.eu.

22 December 2016

MORGAN STANLEY B.V.

MORGAN STANLEY

AMENDMENTS TO THE BASE PROSPECTUS

The Base Prospectus is hereby amended as follows:

1. The section entitled “Withholding on Dividend Equivalent Payments” on pages 178 to 179 of the Base Prospectus shall be deleted in its entirety and replaced with the following text:

“Dividend Equivalent Amounts

Section 871(m) of the Code and Treasury Regulations promulgated thereunder (“**Section 871(m)**”) impose a withholding tax of 30 per cent. (or lower treaty rate applicable to dividends) on certain “dividend equivalents” paid or deemed paid to Non-U.S. Holders with respect to certain financial instruments linked to U.S. equities or indices that include U.S. equities. A Security linked to U.S. equities or indices that include U.S. equities (a “**U.S. equity linked Security**”) will generally be subject to the Section 871(m) withholding regime if at issuance it (i) has a “delta” of 0.80 or higher with respect to the underlying U.S. stock or (ii) substantially replicates the economic performance of the underlying U.S. stock, as determined by a “substantial equivalence” test that, among other factors, takes into account the initial number of shares of the underlying U.S. stock needed to hedge the transaction fully. The tests described above are set forth in the regulations, and the applicable test will depend on the terms of the relevant U.S. equity linked Security. Under these rules, withholding may apply even where the relevant U.S. equity linked Security does not provide for any payment that is explicitly linked to a dividend. The regulations provide for certain exceptions to the withholding requirements, in particular for instruments linked to certain broad-based indices (a “**qualified index**”) that meet standards set forth in the regulations.

Under a recent IRS notice, Section 871(m) will not apply to Securities issued before January 1, 2018, that are not “delta one” with respect to any U.S. equity. If the terms of a U.S. equity linked Security are subject to a “significant modification,” the U.S. equity linked Security will generally be treated as reissued at the time of the significant modification.

The amount of a “dividend equivalent” is equal to, for a “simple” contract, the product of (a) the per-share dividend amount, (b) the number of shares of the underlying U.S. stock referenced in each U.S. equity linked Security and (c) the delta, and for a “complex” contract, the product of (x) the per-share dividend amount and (y) the initial hedge.

The dividend equivalent amount will be determined on the earlier of (a) the record date of the dividend and (b) the day prior to the ex-dividend date. Withholding will be imposed on the dividend equivalent amount on the later of (a) the determination date of the dividend equivalent amount and (b) the next date on which a payment on the U.S. equity linked Security is made to the Non-U.S. investor (including any disposition or redemption of the Security).

The relevant Issuer will determine whether a U.S. equity linked Security is subject to withholding under Section 871(m) by performing the calculations described above. [If the Issuer has determined, as specified in the Pricing Supplement, that a U.S. equity linked Program Security should not be subject to withholding under Section 871(m), the Issuer will be deemed to instruct its agents and withholding agents that no withholding is required, unless such agent or withholding agent knows or has reason to know otherwise.] If withholding is required, the relevant Issuer will not be required to pay any additional amounts with respect to the amounts so withheld.

Section 871(m) is complex and its application may depend on the Non-U.S. Holder’s particular circumstances. For example, the application of Section 871(m) may be affected if a Non-U.S. Holder enters into another transaction in connection with the acquisition of a U.S. equity linked Security. Accordingly, Non-U.S. Holders should consult their tax advisers regarding the potential application of Section 871(m) to the Securities in their particular circumstances.”

2. In the Form of Final Terms of the Notes, item 37(ii) on page 56 shall be deleted in its entirety and replaced with the following:

(ii) Potential Section 871(m) transaction:

[Not Applicable] / [The Issuer has determined that the Notes should not be subject to withholding under Section 871(m) of the Code[, and hereby instructs its agents and withholding agents that no withholding is required, unless such agent or withholding agent knows or has reason to know otherwise.]] / [The Issuer has determined that the Notes should not be

subject to withholding under Section 871(m) of the Code because the Relevant Underlying is a “qualified index” under the applicable U.S. Treasury Regulations[, and hereby instructs its agents and withholding agents that no withholding is required, unless such agent or withholding agent knows or has reason to know otherwise.] / [The Notes are U.S. equity linked Notes subject to withholding under Section 871(m) of the Code. Condition 12.1 applies.] [For further information please [call [•]] / [visit our website at [•]] / [write to [•]].].

3. In the Form of Final Terms for W&C Securities, item 47(ii) on page 111 shall be deleted in its entirety and replaced with the following:

(ii) Potential Section 871(m) transaction:

[Not Applicable] / [The Issuer has determined that the W&C Securities should not be subject to withholding under Section 871(m) of the Code[, and hereby instructs its agents and withholding agents that no withholding is required, unless such agent or withholding agent knows or has reason to know otherwise.] / [The Issuer has determined that the W&C Securities should not be subject to withholding under Section 871(m) of the Code because the Relevant Underlying is a “qualified index” under the applicable U.S. Treasury Regulations[, and hereby instructs its agents and withholding agents that no withholding is required, unless such agent or withholding agent knows or has reason to know otherwise.] / [The W&C Securities are U.S. equity linked Notes subject to withholding under Section 871(m) of the Code. Condition 12.1 applies.] [For further information please [call [•]] / [visit our website at [•]] / [write to [•]].].