

## SUPPLEMENT

**BASE PROSPECTUS FOR FIXED INCOME NOTES  
BASE PROSPECTUS FOR EQUITY LINKED AND BOND LINKED SECURITIES  
BASE PROSPECTUS FOR COMMODITY AND CURRENCY LINKED SECURITIES**

**MORGAN STANLEY & CO. INTERNATIONAL PLC**  
*(incorporated with limited liability in England and Wales)*

**MORGAN STANLEY B.V.**  
*(incorporated with limited liability in the Netherlands)*

and

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

*as Guarantor for any issues of Notes by Morgan Stanley B.V.*

**Euro 2,000,000,000 German Programme for Medium Term Securities**  
***(Programme for the Issuance of Securities)***

## MORGAN STANLEY IQ

This supplement (the “**Supplement**”) has been prepared in connection with the Euro 2,000,000,000 German Programme for Medium Term Securities (Programme for the Issuance of Securities) (the “**Programme**”) of Morgan Stanley & Co. International plc (“**MSIP**”) and Morgan Stanley B.V. (“**MSBV**”) and together with MSIP, the “**Issuers**”), and should be read in conjunction with:

- (a) the base prospectus for the issuance of fixed income notes in the English language dated 26 June 2015, as supplemented by the supplement dated 10 December 2015 (the “**Base Prospectus for Fixed Income Notes**”);
- (b) the base prospectus for the issuance of equity linked and bond linked securities in the English language dated 26 June 2015, as supplemented by the supplements dated 17 September 2015 and 10 December 2015 (the “**Base Prospectus for Equity Linked and Bond Linked Securities**”);
- (c) the base prospectus for the issuance of commodity and currency linked securities in the English language dated 26 June 2015, as supplemented by the supplement dated 10 December 2015 (the “**Base Prospectus for Commodity and Currency Linked Securities**”),

(each of the base prospectuses listed above under (a) to (c) an “**Original Base Prospectus**” and together the “**Original Base Prospectuses**”) in respect of the Programme.

Securities issued by MSBV will benefit from a guarantee dated on or around 26 June 2015 (the “**Guarantee**”) by Morgan Stanley (“**Morgan Stanley**”) or the “**Guarantor**”).

This Supplement is a supplement within the meaning of article 13 of the Luxembourg Act on Securities Prospectuses (*loi relative aux prospectus pour valeurs mobilières*) which implements article 16 of the Prospectus Directive.

The Issuer has requested the CSSF to provide the following competent authorities with a certificate of approval attesting that this Supplement has been drawn up in accordance with the Commission Regulation (EC) 809/2004 of 24 April 2004, as amended from time to time, (the “**Notification**”):

- (a) in respect of the Base Prospectus for Fixed Income Notes, the competent authorities in the Republic of Austria and the Federal Republic of Germany;
- (b) in respect of the Base Prospectus for Equity Linked and Bond Linked Securities, the competent authorities in the Republic of Austria, the Federal Republic of Germany and the Italian Republic; and

- (c) in respect of the Base Prospectus for Commodity and Currency Linked Securities, the competent authorities the Republic of Austria and the Federal Republic of Germany.

The Issuer may from time to time request the CSSF to provide to competent authorities of additional Member States of the European Economic Area a Notification concerning this Supplement along with the Original Prospectus and all relevant supplements.

Unless otherwise stated or the context otherwise requires, terms defined in each of the Original Base Prospectuses have the same meaning when used in this Supplement in relation to the relevant Original Base Prospectus.

Each of the Original Base Prospectuses and this Supplement has been published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).

The purpose of this Supplement is to:

- (a) disclose the publication by Morgan Stanley of its Annual Report on Form 10-K for the year ended 31 December 2015 (the "**Morgan Stanley 2015 10-K**") and incorporate by reference, as set out in the section of this Supplement entitled "Amendments to the Original Base Prospectuses";
- (b) disclose the publication by Morgan Stanley of its Quarterly Report on Form 10-Q for the quarter ended 31 March 2016 (the "**Morgan Stanley March 2016 10-Q**") and incorporate by reference, as set out in the section of this Supplement entitled "Amendments to the Original Base Prospectuses";
- (c) disclose the publication by MSIP of its annual report and financial statements for the year ended 31 December 2015 (the "**MSIP 2015 Annual Report**") and incorporate by reference, as set out in the section of this Supplement entitled "Amendments to the Original Base Prospectuses";
- (d) disclose the publication by MSBV of its annual report and financial statements for the year ended 31 December 2015 (the "**MSBV 2015 Annual Report**") and incorporate by reference, as set out in the section of this Supplement entitled "Amendments to the Original Base Prospectuses";
- (e) disclose the publication of the second supplement to the Registration Document of Morgan Stanley, MSIP and MSBV dated 31 March 2016 and approved by the CSSF (the "**Second Registration Document Supplement**") and incorporate by reference, as set out in the section of this Supplement entitled "Amendments to the Original Base Prospectuses";
- (f) make certain consequential amendments to the summary in each relevant Original Base Prospectus pursuant to the publication of the Morgan Stanley 2015 10-K, the Morgan Stanley March 2016 10-Q, the MSIP 2015 Annual Report and the MSBV 2015 Annual Report as set out in the section of this Supplement entitled "Amendments to the Original Base Prospectuses"; and
- (g) in respect of future issuances only under the Original Base Prospectuses, make amendments to specified sections as set out in the section of this Supplement entitled "Amendments to the Original Base Prospectuses";

In accordance with article 13 of the Luxembourg Act on Securities Prospectuses (*loi relative aux prospectus pour valeurs mobilières*), investors who have already submitted purchase orders in relation to instruments issued under the Programme prior to the publication of this Supplement are entitled to withdraw their orders within two days of this Supplement having been published (the "**Withdrawal Right End Date**") if not yet credited in their respective securities account for the instruments so subscribed. Withdrawal Right End Date means 6 June 2016. A withdrawal, if any, of an order must be communicated in writing to the relevant Issuer at its registered office specified in the Address List hereof.

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## IMPORTANT NOTICE

This Supplement should be read and construed with the relevant Original Base Prospectus and with any documents incorporated by reference therein and, in relation to any issue of Securities, with the relevant Final Terms. In the case of any inconsistency between (i) any statement contained in this Supplement or any statement incorporated by reference into the Base Prospectus through this Supplement; and (ii) any other statement in or incorporated by reference in the Original Base Prospectus as supplemented, the statement contained in this Supplement or the statement incorporated by reference into the Base Prospectus through this Supplement shall prevail.

No person has been authorised by any of the Issuers or the Guarantor to issue any statement which is not consistent with or not contained in this document, any other document entered into in relation to the Programme or any information supplied by the Issuers or the Guarantor or any information as in the public domain and, if issued, such statement may not be relied upon as having been authorised by the Issuers or the Guarantor.

No person may use this Supplement, each of the Original Base Prospectuses or any Final Terms for the purpose of an offer or solicitation if in any jurisdiction such use would be unlawful. In particular, this document may only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the Financial Services and Markets Act 2000 does not apply. Additionally, Securities issued under this Programme will not be registered under the United States Securities Act of 1933, as amended. Therefore, Securities may not be offered, sold or delivered within the United States or to U.S. persons.

For a more detailed description of some restrictions, see the paragraph "Subscription and Sale" of the relevant the Original Base Prospectus.

Neither this Supplement, the Original Base Prospectuses nor any Final Terms constitute an offer to purchase any Securities and should not be considered as a recommendation by the Issuers or the Guarantor that any recipient of this Supplement, the Original Base Prospectuses or any Final Terms should purchase any Securities. Each such recipient shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of each of the Issuers and the Guarantor (see section "Risk Factors" of the relevant Original Base Prospectus).

## **RESPONSIBILITY STATEMENT**

Each of Morgan Stanley & Co. International plc, London, United Kingdom, Morgan Stanley B.V., Amsterdam, The Netherlands, and Morgan Stanley, Delaware, United States of America, assumes responsibility for the content of this Supplement and declares that the information contained in this Supplement is to the best of their respective knowledge in accordance with the facts and that no material circumstances likely to affect its import have been omitted.

Dated: 1 June 2016

## AMENDMENTS TO THE ORIGINAL BASE PROSPECTUSES

Significant new factors and/or inaccuracies (as referred to in Art 16 (1) of the Prospectus Directive) have arisen which in the Issuer's perception are capable of affecting the assessment of the Securities. Thus, the following changes are made to the Original Base Prospectuses.

### 1. Incorporation by Reference

This Supplement incorporates by reference the Morgan Stanley 2015 10-K, the Morgan Stanley March 2016 10-Q, the MSIP 2015 Annual Report, the MSBV 2015 Annual Report and Part B Paragraph 1 of the Second Registration Document Supplement and must be read in conjunction with the section entitled "*Incorporation by Reference*" contained on:

- (i) Pages 89-91 of the Base Prospectus for Fixed Income Notes;
- (ii) Pages 113-115 of the Base Prospectus for Equity Linked and Bond Linked Securities; and
- (iii) Pages 101-103 of the Base Prospectus for Commodity and Currency Linked Securities.

The following documents shall be deemed to be added to the list of documents incorporated by reference in each of the Original Base Prospectuses:

<b>Relevant document and information incorporated by reference</b>	<b>Page(s)</b>
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This Supplement expressly does not incorporate by reference the documents and/or information identified in the cross-reference table below:

<b>Document incorporated by reference</b>	<b>Information not incorporated by reference</b>
Morgan Stanley Annual Report on Form 10-K for the year ended 31 December 2015	Exhibits
Morgan Stanley Quarterly Report on Form 10-Q for the quarter ended 31 March 2016	Exhibits
MSIP Report and Financial Statements for the year ended 31 December 2015	Pages 1 to 18
MSBV Report and Financial Statements for the year ended 31 December 2015	Pages 1 to 8
Second Registration Document Supplement	Part A Part B Paragraphs 2-5

The Morgan Stanley 2015 10-K is available on Morgan Stanley's website at [www.morganstanley.com/about-us-ir](http://www.morganstanley.com/about-us-ir) and on the website of the Luxembourg Stock Exchange at [www.bourse.lu](http://www.bourse.lu).

The Morgan Stanley March 2016 10-Q is available on Morgan Stanley's website at [www.morganstanley.com/about-us-ir](http://www.morganstanley.com/about-us-ir) and on the website of the Luxembourg Stock Exchange at [www.bourse.lu](http://www.bourse.lu).



The MSIP 2015 Annual Report is available on Morgan Stanley's IQ website [www.morganstanleyiq.eu/EN/](http://www.morganstanleyiq.eu/EN/) and on the website of the Luxembourg Stock Exchange at [www.bourse.lu](http://www.bourse.lu).

The MSBV 2015 Annual Report is available on Morgan Stanley's IQ website [www.morganstanleyiq.eu/EN/](http://www.morganstanleyiq.eu/EN/) and on the website of the Luxembourg Stock Exchange at [www.bourse.lu](http://www.bourse.lu).

The Second Registration Document Supplement is available on Morgan Stanley's IQ website [www.morganstanleyiq.eu/EN/](http://www.morganstanleyiq.eu/EN/) and on the website of the Luxembourg Stock Exchange at [www.bourse.lu](http://www.bourse.lu).

## 2. Consequential Amendments to the Original Base Prospectuses

The Original Base Prospectuses are hereby amended as follows:

- A. The selected key financial information relating to MSIP at Element B.12 of the Summary on:
- (i) Page 9 of the Base Prospectus for Fixed Income Notes;
  - (ii) Page 11 of the Base Prospectus for Equity Linked and Bond Linked Securities; and
  - (iii) Pages 10-11 of the Base Prospectus for Commodity and Currency Linked Securities,
- shall be deemed to be deleted and replaced with the information below:

B.12	Selected historical key financial information (in millions of U.S. dollar):	<table border="1"> <thead> <tr> <th></th> <th>31 December 2014</th> <th>31 December 2015</th> </tr> </thead> <tbody> <tr> <td>Consolidated Balance Sheet (in U.S.\$ millions)</td> <td></td> <td></td> </tr> <tr> <td><i>Total assets</i></td> <td>448,526</td> <td>394,084</td> </tr> <tr> <td><i>Total liabilities and equity</i></td> <td>448,526</td> <td>394,084</td> </tr> <tr> <td>Consolidated Income Statement (in U.S.\$ millions)</td> <td></td> <td></td> </tr> <tr> <td><i>Net gains on financial instruments classified as held for trading</i></td> <td>2,775</td> <td>3,508</td> </tr> <tr> <td><i>Profit (loss) before tax</i></td> <td>(677)</td> <td>710</td> </tr> <tr> <td><i>Profit (loss) for the year/period</i></td> <td>(713)</td> <td>401</td> </tr> </tbody> </table>				31 December 2014	31 December 2015	Consolidated Balance Sheet (in U.S.\$ millions)			<i>Total assets</i>	448,526	394,084	<i>Total liabilities and equity</i>	448,526	394,084	Consolidated Income Statement (in U.S.\$ millions)			<i>Net gains on financial instruments classified as held for trading</i>	2,775	3,508	<i>Profit (loss) before tax</i>	(677)	710	<i>Profit (loss) for the year/period</i>	(713)	401
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No material adverse change in the prospects of the Issuer:	There has been no material adverse change in the prospects of MSIP since 31 December 2015, the date of the latest published annual audited accounts of MSIP.																											
Significant changes in the financial or trading position of the Issuer:	Not applicable. There has been no significant change in the financial or trading position of MSIP since 31 December 2015, the date of the latest published financial statements of MSIP.																											

B. The audit report qualifications information relating to MSIP at Element B.10 of the Summary on:

- (i) Page 8 of the Base Prospectus for Fixed Income Notes;
- (ii) Page 10 of the Base Prospectus for Equity Linked and Bond Linked Securities; and
- (iii) Page 10 of the Base Prospectus for Commodity and Currency Linked Securities,

shall be deemed to be deleted and replaced with the information below:

B.10	The nature of any qualifications in the audit report on the historical financial information	Not applicable. There are no qualifications in the auditor's report on the financial statements of MSIP for the year ended 31 December 2014 and for the year ended 31 December 2015, respectively.
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C. The selected key financial information relating to MSBV at Element B.12 of the Summary on:

- (i) Page 11 of the Base Prospectus for Fixed Income Notes;
- (ii) Page 13 of the Base Prospectus for Equity Linked and Bond Linked Securities; and
- (iii) Page 13 of the Base Prospectus for Commodity and Currency Linked Securities,

shall be deemed to be deleted and replaced with the information below:

B.12	Selected historical key financial information (in thousands of euro):		<b>31 December 2014</b>	<b>31 December 2015</b>
		Balance Sheet ( <i>in EUR '000</i> )		
		<i>Total assets</i>	8,081,802	8,770,208
		<i>Total liabilities and equity</i>	8,081,802	8,770,208
		Statement of comprehensive Income ( <i>in EUR '000</i> )		
		<i>Net gains/ (losses) on financial instruments classified as held for trading</i>	185,570	(478,444)
		<i>Net gains/ (losses) on financial instruments designated at fair value through profit or loss</i>	(185,570)	482,884

		<i>Profit before income tax</i>	6,658	10,151
		<i>Profit and total comprehensive income for the year/period</i>	4,993	7,620
	No material adverse change in the prospects of the Issuer:	There has been no material adverse change in the prospects of MSBV since 31 December 2015, the date of the latest published annual audited accounts of MSBV.		
	Significant changes in the financial or trading position of the Issuer:	Not applicable. There has been no significant change in the financial or trading position of MSBV since 31 December 2015, the date of the latest published financial statements of MSBV.		

D. The audit report qualifications information relating to MSBV at Element B.10 of the Summary on:

- (i) Page 11 of the Base Prospectus for Fixed Income Notes;
- (ii) Page 13 of the Base Prospectus for Equity Linked and Bond Linked Securities; and
- (iii) Page 12 of the Base Prospectus for Commodity and Currency Linked Securities,

shall be deemed to be deleted and replaced with the information below:

B.10	The nature of any qualifications in the audit report on the historical financial information	Not applicable. There are no qualifications in the auditor's report on the financial statements of MSBV for the year ended 31 December 2014 and for the year ended 31 December 2015, respectively.
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E. The selected key financial information relating to Morgan Stanley at Element B.19 (B.12) of the Summary on:

- (i) Page 13 of the Base Prospectus for Fixed Income Notes;
- (ii) Page 15 of the Base Prospectus for Equity Linked and Bond Linked Securities; and
- (iii) Page 15 of the Base Prospectus for Commodity and Currency Linked Securities,

shall be deemed to be deleted and replaced with the information below:

B.19 B.12	Selected historical key financial information (in U.S. dollar):	<b>Selected key financial information relating to Morgan Stanley:</b>				
		Consolidated Balance Sheet (\$ <i>in millions</i> )	<b>At 31 December 2014</b>	<b>At 31 December 2015</b>	<b>At 31 March 2015 (unaudited)</b>	<b>At 31 March 2016 (unaudited)</b>
		<i>Total assets</i>	801,510	787,465	829,099	807,497
		<i>Total liabilities and equity</i>	801,510	787,465	829,099	807,497
		Consolidated Income Statement (\$ <i>in millions</i> )	<b>2014</b>	<b>2015</b>	<b>Three Months Ended 31 March 2015 (unaudited)</b>	<b>Three Months Ended 31 March 2016 (unaudited)</b>
		<i>Net revenues</i>	34,275	35,155	9,907	7,792
		<i>Income from continuing operations before income taxes</i>	3,591	8,495	2,855	1,738
		<i>Net income</i>	3,667	6,279	2,463	1,157
		There has been no material adverse change in the prospects of Morgan Stanley since 31 December 2015, the date of the latest published annual audited accounts of Morgan Stanley				
		There has been no significant change in the financial or trading position of Morgan Stanley since 31 March 2016, the date of the latest published financial statements of Morgan Stanley.				

F. The audit report qualifications information relating to Morgan Stanley at Element B.19 (B.10) of the Summary on:

- (i) Page 13 of the Base Prospectus for Fixed Income Notes;
- (ii) Page 15 of the Base Prospectus for Equity Linked and Bond Linked Securities; and
- (iii) Page 15 of the Base Prospectus for Commodity and Currency Linked Securities,

shall be deemed to be deleted and replaced with the information below:

B.19 B.10	The nature of any qualifications in the audit report on the historical financial information	Not Applicable. There are no qualifications in the auditor's reports on the financial statements of Morgan Stanley for the years ended 31 December 2014 and 31 December 2015, as contained in Morgan Stanley's Annual Report on Form 10-K for the year ended 31 December 2015.
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G. The trends information relating to Morgan Stanley at Element B.19 (B.4b) of the Summary on:

- (i) Pages 12-13 of the Base Prospectus for Fixed Income Notes;
- (ii) Page 14 of the Base Prospectus for Equity Linked and Bond Linked Securities; and
- (iii) Page 14 of the Base Prospectus for Commodity and Currency Linked Securities,

shall be deemed to be deleted and replaced with the information below:

B.19 B.4b	Any known trends affecting the Guarantor and the industries in which it operates:	The business of Morgan Stanley in the past has been, and in the future may continue to be, materially affected by many factors, including: the effect of economic and political conditions and geopolitical events; sovereign risk; the effect of market conditions, particularly in the global equity, fixed income, currency, credit and commodities markets, including corporate and mortgage (commercial and residential) lending and commercial real estate markets and energy markets; the impact of current, pending and future legislation (including the Dodd-Frank Wall Street Reform and Consumer Protection Act (the " <b>Dodd-Frank Act</b> ")), regulation (including capital, leverage, funding and liquidity requirements), policies (including fiscal and monetary), and legal and regulatory actions in the United States of America (" <b>U.S.</b> ") and worldwide; the level and volatility of equity, fixed income and commodity prices (including oil prices), interest rates, currency values and other market indices; the availability and cost of both credit and capital as well as the credit ratings assigned to Morgan Stanley's unsecured short-term and long-term debt; investor, consumer and business sentiment and confidence in the financial markets; the performance and results of Morgan Stanley's acquisitions, divestitures, joint ventures, strategic alliances or other strategic arrangements; Morgan Stanley's reputation and the general perception of the financial services industry; inflation, natural disasters, pandemics and acts of war or terrorism; the actions and initiatives of current and potential competitors as well as governments, regulators and self-regulatory organizations; the effectiveness of Morgan Stanley's risk management policies; technological changes instituted by Morgan Stanley, its competitors or counterparties and technological risks, including cybersecurity, business continuity and related operational risks; Morgan Stanley's ability to provide innovative products and services and execute its strategic objectives; or a combination of these or other factors. In addition, legislative, legal and regulatory developments related to Morgan Stanley's businesses are likely to increase costs, thereby affecting results of operations.
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H. The key risks information at Element D.2 of the Summary on:

- (i) Pages 20-22 of the Base Prospectus for Fixed Income Notes;
- (ii) Pages 26-27 of the Base Prospectus for Equity Linked and Bond Linked Securities; and
- (iii) Pages 30-31 of the Base Prospectus for Commodity and Currency Linked Securities,

shall be deemed to be deleted and replaced with the information below:

<p>D.2</p>	<p>Key risks that are specific to the Issuer [and the Guarantor]:</p>	<p>There are certain factors that may affect the Issuer's [and the Guarantor's] ability to fulfil their obligations under the Notes issued under the Programme [and the Guarantor's obligations under the Guarantee].</p> <p><b>[MSIP]</b></p> <p>The principal risks with respect to Morgan Stanley will also represent the principal risks with respect to MSIP, either as individual entities or as part of the Morgan Stanley group of companies.</p> <p>Risks specific to MSIP include:</p> <ul style="list-style-type: none"> <li>● the existence of substantial inter-relationships between MSIP and other Morgan Stanley group companies;</li> <li>● the Notes issued by MSIP will not be guaranteed by Morgan Stanley; and</li> <li>● The existence of substantial inter-relationships (including the provision of funding, capital, services and logistical support to or by MSIP, as well as common or shared business or operational platforms or systems, including employees) between MSIP and other Morgan Stanley group companies exposes MSIP to the risk that, factors which could affect the business and condition of Morgan Stanley or other companies in the Morgan Stanley Group may also affect the business and condition of MSIP. Further, Notes issued by MSIP will not be guaranteed by Morgan Stanley. The application of regulatory requirements and strategies in the United Kingdom to facilitate the orderly resolution of large financial institutions may pose a greater risk of loss for the holders of securities issued by MSIP.]</li> </ul> <p><b>[MSBV]</b></p> <p>The principal risks with respect to Morgan Stanley will also represent the principal risks with respect to MSBV, either as individual entities or as part of the Morgan Stanley group of companies.</p> <p>Risks specific to MSBV include:</p> <ul style="list-style-type: none"> <li>● the ability of MSBV to perform its obligations is dependent upon the Morgan Stanley group fulfilling its obligations to MSBV;</li> <li>● risks relating to insolvency proceedings in the Netherlands; and</li> <li>● All material assets of MSBV are obligations of one or more companies in the Morgan Stanley group and MSBV's ability to perform its obligations is dependent upon such companies fulfilling their obligations to MSBV. Should such companies prospects be impaired, holders of securities issued by MSBV may also be exposed to a risk of loss.]</li> </ul> <p><b>Morgan Stanley</b></p> <p>The following key risks affect Morgan Stanley [and, since Morgan Stanley is the ultimate holding company of [MSIP] / [MSBV], also impact [MSIP] / [MSBV]:</p> <p><b>Market Risk:</b> Morgan Stanley's results of operations may be materially affected by market fluctuations and by global and economic conditions and other factors. Holding large and concentrated positions may expose Morgan Stanley to losses. These factors may result in losses for a position or portfolio owned by Morgan Stanley.</p>
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**Credit Risk:** Morgan Stanley is exposed to the risk that third parties that are indebted to it will not perform their obligations, as well as that a default by a large financial institution could adversely affect financial markets. Such factors give rise to the risk of loss arising when a borrower, counterparty or issuer does not meet its financial obligations to Morgan Stanley.

**Operational Risk:** Morgan Stanley is subject to the risk of loss, or of damage to its reputation, resulting from inadequate or failed processes, people and systems or from external events (e.g. fraud, theft, legal and compliance risks, cyber attacks or damage to physical assets). Morgan Stanley may incur operational risk across the full scope of its business activities, including revenue-generating activities (e.g. sales and trading) and support and control groups (e.g. information technology and trade processing).

**Liquidity and Funding Risk:** Liquidity is essential to Morgan Stanley's businesses and Morgan Stanley relies on external sources to finance a significant portion of its operations. Morgan Stanley's borrowing costs and access to the debt capital markets depend significantly on its credit ratings. Morgan Stanley is a holding company and depends on payments from its subsidiaries. Further, Morgan Stanley's liquidity and financial condition have in the past been, and in the future could be, adversely affected by U.S. and international markets and economic conditions. As a result of the foregoing, there is a risk that Morgan Stanley will be unable to finance its operations due to a loss of access to the capital markets or difficulty in liquidating its assets; or be unable to meet its financial obligations without experiencing significant business disruption or reputational damage that may threaten its viability as a going concern.

**Legal, Regulatory and Compliance Risk:** Morgan Stanley is subject to the risk of legal or regulatory sanctions, material financial loss including fines, penalties, judgments, damages and/or settlements, or loss to reputation it may suffer as a result of its failure to comply with laws, regulations, rules, related self-regulatory organization standards and codes of conduct applicable to its business activities. Morgan Stanley is also subject to contractual and commercial risk, such as the risk that a counterparty's performance obligations will be unenforceable. Additionally, Morgan Stanley is subject to anti-money laundering and terrorist financing rules and regulations. In today's environment of rapid and possibly transformational regulatory change, Morgan Stanley also views regulatory change as a component of legal, regulatory and compliance risk.

**Risk Management:** Morgan Stanley's risk management strategies, models and processes may not be fully effective in mitigating its risk exposure in all market environments or against all types of risk.

**Competitive Environment:** Morgan Stanley faces strong competition from other financial services firms, which could lead to pricing pressures that could materially adversely affect its revenue and profitability. Further, automated trading markets may adversely affect Morgan Stanley's business and may increase competition (for example, by putting increased pressure on bid-offer spreads, commissions, markups or comparable fees). Morgan Stanley's ability to retain and attract qualified employees is critical to the success of its business and the failure to do so may materially adversely affect its performance.

**International Risk:** Morgan Stanley is subject to numerous political, economic, legal, operational, franchise and other risks as a result of its international operations (including risks of possible nationalization, expropriation, price controls, capital controls, exchange controls, increased taxes and levies and other restrictive governmental actions, as well as the

		<p>outbreak of hostilities or political and governmental instability) which could adversely impact its businesses in many ways.</p> <p><b>Acquisition, Divestiture and Joint Venture Risk:</b> Morgan Stanley may be unable to fully capture the expected value from acquisitions, divestitures, joint ventures, minority stakes and strategic alliances.</p> <p><b>Risk relating to the exercise of potential resolution measures powers:</b> The application of regulatory requirements and strategies in the United States to facilitate the orderly resolution of large financial institutions may pose a greater risk of loss for the holders of securities issued or guaranteed by Morgan Stanley.</p>
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I. On:

- (i) Pages 97-98 of the Base Prospectus for Fixed Income Notes;
- (ii) Page 121 of the Base Prospectus for Equity Linked and Bond Linked Securities; and
- (iii) Pages 109-110 of the Base Prospectus for Commodity and Currency Linked Securities,

the section entitled "*Material adverse change in the prospects*" shall be deemed to be deleted in its entirety and shall be replaced with the following:

**"MSIP**

*There has been no material adverse change in the prospects of MSIP since 31 December 2015, the date of the latest published annual audited accounts of MSIP.*

**MSBV**

*There has been no material adverse change in the prospects of MSBV since 31 December 2015, the date of the latest published annual audited accounts of MSBV.*

**Morgan Stanley**

*There has been no material adverse change in the prospects of Morgan Stanley since 31 December 2015, the date of the last published annual audited accounts of Morgan Stanley."*

J. On:

- (i) Page 98 of the Base Prospectus for Fixed Income Notes;
- (ii) Pages 121-122 of the Base Prospectus for Equity Linked and Bond Linked Securities; and
- (iii) Page 110 of the Base Prospectus for Commodity and Currency Linked Securities,

the section entitled "*Significant changes in the financial or trading position*" shall be deemed to be deleted in its entirety and shall be replaced with the following:

**"MSIP**

*There has been no significant change in the financial or trading position of MSIP since 31 December 2015, the date of the latest published financial statements of MSIP.*

**MSBV**



*There has been no significant change in the financial or trading position of MSBV since 31 December 2015, the date of the latest published financial statements of MSBV.*

**Morgan Stanley**

*There has been no significant change in the financial or trading position of Morgan Stanley since 31 March 2016, the date of the latest published financial statements of Morgan Stanley."*

K. On:

- (i) Pages 98-100 of the Base Prospectus for Fixed Income Notes;
- (ii) Pages 122-123 of the Base Prospectus for Equity Linked and Bond Linked Securities; and
- (iii) Pages 110-112 of the Base Prospectus for Commodity and Currency Linked Securities,

the section entitled "*Litigation*" shall be deemed to be deleted in its entirety and shall be replaced with the following:

**"Morgan Stanley**

*Save as disclosed in:*

- (i) *the section entitled "Legal Proceedings" in Part I - Item 3 at pages 24-32 and in the paragraphs beginning with "Legal" under the heading "Contingencies" under the heading "Commitments, Guarantees and Contingencies" in "Notes to Consolidated Financial Statements" in Part II - Item 8 at pages 202-205 of the Morgan Stanley 2015 10-K;*
- (ii) *the section entitled "Legal Settlement" under the heading "24. Subsequent Events" in "Notes to the Consolidated Financial Statements" in Part II – Item 8 at page 250 of the Morgan Stanley 2015 10-K;*
- (iii) *the paragraphs beginning with "Legal" under the heading "Contingencies" under the heading "Commitments, Guarantees and Contingencies" in "Notes to Condensed Consolidated Financial Statements" in Part I – Item 1 at pages 47-50 and the section entitled "Legal Proceedings" in Part II – Item 1 at page 126 of the Morgan Stanley March 2016 10-Q; and*
- (iv) *the Registration Document (as supplemented by the First Registration Document Supplement dated 6 November 2015 and the Second Registration Document Supplement dated 31 March 2016),*

*there are no, nor have there been, any governmental, legal or arbitration proceedings involving Morgan Stanley (including any such proceedings which are pending or threatened of which Morgan Stanley is aware) during the 12-month period before the date of this Base Prospectus which may have, or have had in the recent past, a significant effect on the financial position or profitability of Morgan Stanley or the Morgan Stanley Group."*

**ADDRESS LIST**

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