

SECOND BASE PROSPECTUS SUPPLEMENT

Morgan Stanley

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

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

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

MORGAN STANLEY FINANCE LLC

as issuer
(formed under the law of the State of Delaware in the United States of America)

REGULATION S PROGRAM FOR THE ISSUANCE OF NOTES, SERIES A AND SERIES B, WARRANTS AND CERTIFICATES

Morgan Stanley (“**Morgan Stanley**”), Morgan Stanley & Co. International plc (“**MSI plc**”), Morgan Stanley Finance LLC (“**MSFL**”) and Morgan Stanley B.V. (“**MSBV**”, together with Morgan Stanley, MSFL and MSI plc, the “**Issuers**”) and Morgan Stanley, in its capacity as guarantor (in such capacity, the “**Guarantor**”) have prepared this second base prospectus supplement (the “**Second Base Prospectus Supplement**”) to supplement and be read in conjunction with the base prospectus dated 21 October 2016 (the “**Base Prospectus**”) of Morgan Stanley, MSI plc, MSFL and MSBV (each in its capacity as Issuer) and Morgan Stanley (in its capacity as Guarantor) relating to the Regulation S Program for the Issuance of Notes, Series A and Series B, Warrants and Certificates as supplemented by the supplement to the Base Prospectus dated 18 November 2016 (the “**First Base Prospectus Supplement**”).

This Second Base Prospectus Supplement has been approved by the Luxembourg *Commission de Surveillance du Secteur Financier* (the “**CSSF**”), which is the Luxembourg competent authority for the purpose of Directive 2003/71/EC, as amended (the “**Prospectus Directive**”) and relevant implementing measures in Luxembourg, as a prospectus supplement issued in compliance with Article 16.1 of the Prospectus Directive and relevant implementing measures in Luxembourg.

Unless otherwise defined in this Second Base Prospectus Supplement, terms defined in the Base Prospectus (as supplemented by the First Base Prospectus Supplement) shall have the same meaning when used in this Second Base Prospectus Supplement. To the extent that there is any inconsistency between any statement in this Second Base Prospectus Supplement and any other statement in, or incorporated by reference in, the Base Prospectus (as supplemented by the First Base Prospectus Supplement), the statements in this Second Base Prospectus Supplement will prevail.

The purpose of this Second 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 Notes issued under the Program.

In accordance with Article 13 paragraph 2 of the Luxembourg Law on Prospectuses dated 10 June 2005, investors who have agreed to purchase or subscribe for, or have applied to purchase or subscribe for, any Notes prior to the publication of this Second Base Prospectus Supplement shall have the right, exercisable within two Business Days following the date of publication of this Second Base Prospectus Supplement, to withdraw their acceptances or applications by notice in writing to the relevant Issuer or Manager, as the case may be. The final date within which such right of withdrawal must be exercised is 23 December 2016.

Each of the Issuers and the Guarantor, as applicable, confirm the following:

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

Each of the Issuers and the Guarantor accepts responsibility for the information contained in this Second Base Prospectus Supplement. To the best of the knowledge and belief of the Issuers and the Guarantor (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

This Second Base Prospectus Supplement is available for viewing, and copies may be obtained from, the offices of the Issuers and the Paying Agents.

This Second Base Prospectus Supplement is available on Morgan Stanley's website at www.morganstanleyiq.eu and on the website of the Luxembourg Stock Exchange at www.bourse.lu.

20 December 2016

MORGAN STANLEY

MORGAN STANLEY & CO. INTERNATIONAL PLC

MORGAN STANLEY B.V.

MORGAN STANLEY FINANCE LLC

AMENDMENTS TO THE BASE PROSPECTUS

The Base Prospectus is hereby amended as follows:

1. The section entitled “Dividend Equivalent Amounts” on pages 739 to 740 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 Note linked to U.S. equities or indices that include U.S. equities (a “**U.S. equity linked Note**”) 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 Note. Under these rules, withholding may apply even where the relevant U.S. equity linked Note 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 Notes 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 Note are subject to a “significant modification,” the U.S. equity linked Note 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 Note 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 Note is made to the Non-U.S. investor (including any disposition or redemption of the Note).

The relevant Issuer will determine whether a U.S. equity linked Note is subject to withholding under Section 871(m) by performing the calculations described above. If the Issuer has determined, as specified in the Final Terms, that a U.S. equity linked Notes 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 Note. Accordingly, Non-U.S. Holders should consult their tax advisers regarding the potential application of Section 871(m) to the Notes in their particular circumstances.”

2. In the Pro Forma Final Terms for Autocallable Notes, item 25(iii), “Potential Section 871(m) transaction 13.6” at page 464, the current text is deemed to be replaced by the following:

(iii) 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 19.1 applies.] [For further information please [call [•]] / [visit our website at [•]] / [write to [•]].].

3. In the Pro Forma Final Terms for Reverse Convertible Notes, item 25(iii), “Potential Section 871(m) transaction 13.6” at page 558, the current text is deemed to be replaced by the following:

(iii)	Potential transaction:	Section	871(m)	[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 19.1 applies.] [For further information please [call [•]] / [visit our website at [•]] / [write to [•]].].
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4. In the Pro Forma Final Terms for Certain Linked Notes, item 29(iii), “Potential Section 871(m) transaction 13.6” at page 704, the current text is deemed to be replaced by the following:

(iii)	Potential transaction:	Section	871(m)	[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 19.1 applies.] [For further information please [call [•]] / [visit our website at [•]] / [write to [•]].].
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5. In the Pro Forma Final Terms for Preference Share-Linked Notes, item 23(iii), “Potential Section 871(m) transaction 13.6” at page 720, the current text is deemed to be replaced by the following:

(iii)	Potential	Section	871(m)	[Not Applicable] / [The Issuer has determined that the Notes should not be subject to withholding under Section 871(m) of
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transaction:

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 19.1 applies.] [For further information please [call [●]] / [visit our website at [●]] / [write to [●]].].