

## BASE PROSPECTUS

**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)*

### **Up to U.S.\$20,000,000,000 Program for the Issuance of Notes, Certificates and Warrants**

On 7 April 2006 Morgan Stanley B.V. ("**MSBV**" or the "**Issuer**") established a program for the issuance of Notes, Certificates and Warrants (the "**Program**"). This Base Prospectus (the "**Base Prospectus**") updates and supersedes the Base Prospectus dated 14 July 2020 describing the Program. The publication of this Base Prospectus does not affect any securities issued under the Program before the date of this Base Prospectus. Under the Program the Issuer may offer from time to time notes, certificates and warrants (the "**Notes**", the "**Certificates**" and the "**Warrants**" and, together the "**Securities**") in registered form, subject to all applicable legal and regulatory requirements ("**Registered Securities**"). The Securities will be issued from time to time in series (each, a "**Series**"), where each Tranche (as defined below) of a Series is denominated in the same currency, has the same maturity date or expiration date and, if applicable, has distribution amounts and distribution payment dates. Each Series may be issued in one or more tranches (each, a "**Tranche**") on different issue dates. Details applicable to each Tranche will be specified in the relevant Issue Terms (as defined below). References herein to "this Base Prospectus" shall, where applicable, be deemed to be references to this Base Prospectus as supplemented or amended from time to time. To the extent not set forth in this Base Prospectus, the specific terms of any Security will be included in the appropriate Issue Terms. This Base Prospectus will be valid for 12 months from its date. The obligation to supplement this Base Prospectus in the event of significant new factors, material mistakes or material inaccuracies will not apply when this Base Prospectus is no longer valid.

The payment of all amounts due in respect of Securities issued by the Issuer will, unless specified otherwise in the appropriate Issue Terms, be unconditionally and irrevocably guaranteed (the "**Guarantee**") by Morgan Stanley (the "**Guarantor**") pursuant to a guarantee dated on or around 20 July 2021.

The Issuer is offering the Securities on a continuing basis through Morgan Stanley & Co. International plc, which may act, in whole or in part, through an affiliate thereof, and Morgan Stanley & Co. LLC (together with any other distribution agent who may be appointed pursuant to the terms of the Distribution Agreement, the "**Distribution Agents**" and each, a "**Distribution Agent**"), who have agreed to use reasonable efforts to solicit offers to purchase the Securities. The Issuer may also sell Securities to the Distribution Agents as principals for their own respective accounts at a price to be agreed upon at the time of sale. The Distribution Agents may resell any Securities they purchase as principal at prevailing market prices, or at other prices, as they determine. The Issuer or the Distribution Agents may reject any offer to purchase Securities, in whole or in part. See "**SUBSCRIPTION AND SALE AND TRANSFER RESTRICTIONS**" section beginning on page 145 of this Base Prospectus.

The Securities are not intended to be offered, sold or otherwise made available and should not be offered, sold or otherwise made available to retail clients in the European Economic Area (the "**EEA**"), as defined in the rules set out in the Markets in Financial Instruments Directive 2014/65/EU ("**MiFID II**"). Prospective investors are referred to the section headed "**PRIIPs / IMPORTANT – EEA RETAIL INVESTORS**" on page vi of this Base Prospectus.

Securities of each Tranche of a Series which are sold to a person that is not a U.S. person (within the meaning of Regulation S ("**Regulation S**") under the U.S. Securities Act of 1933, as amended (the "**Securities Act**")), in an "offshore transaction" within the meaning of Regulation S ("**Unrestricted Securities**") will be represented by interests in a permanent global registered security (each, an "**Unrestricted Global Security**"), without coupons, which will be registered in the name of a nominee for, and shall be deposited on its issue date with a common depository on behalf of, Euroclear Bank S.A./N.V. ("**Euroclear**") and Clearstream Banking, *société anonyme* ("**Clearstream, Luxembourg**"). Securities of each Tranche of each Series sold in reliance on Rule 144A under the Securities Act ("**Rule 144A**"), or pursuant to another exemption from the registration requirements of the Securities Act ("**Restricted Securities**") to "qualified institutional buyers" ("**QIBs**") within the meaning of Rule 144A which are also "qualified purchasers" ("**QPs**") as defined in Section 2(a)(51) of the U.S. Investment Company Act of 1940, as amended (the "**Investment Company Act**"), and the rules thereunder (such persons are hereinafter referred to as "**QIB/QPs**") will be represented by (i) one or more global registered securities (each, a "**Restricted Global Security**" and, together with any Unrestricted Global Security, the "**Global Securities**"), without coupons, which will be deposited with (1) a custodian for, and registered in the name of Cede & Co. as nominee for, The Depository Trust Company ("**DTC**") or (2) a common depository acting on behalf of Euroclear or Clearstream, Luxembourg and/or any other relevant clearing system on its issue date or (ii) individual registered instruments ("**Individual Registered Instruments**") as identified in the relevant Issue Terms. Beneficial interests in Global Securities will be shown on, and transfers thereof will be effected only through, records maintained by DTC, Clearstream, Luxembourg and Euroclear and their participants. Individual Registered Instruments will not be eligible for trading on the facilities of DTC, Euroclear or Clearstream, Luxembourg. The provisions governing the exchange of interests in Global Securities for Individual Registered Instruments are described in the "*Form of Securities*" section of this Base Prospectus.

This Base Prospectus comprises a base prospectus in respect of all Securities other than Exempt Securities (as defined below) issued under the Program for the purposes of Article 8(1) of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 as amended from time to time (the "**Prospectus Regulation**").

This Base Prospectus has been approved by the Central Bank of Ireland as competent authority under the Prospectus Regulation. The Central Bank of Ireland only approves this Base Prospectus as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Regulation. Such approval relates only to Securities which are to be admitted to trading on the regulated market of the Irish Stock Exchange plc trading as Euronext Dublin ("**Euronext Dublin**") for the purposes of MiFID II or which are to be offered to the public in any member state of the EEA. The Central Bank only approves this Base Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation, such approval should not be considered as an endorsement of the quality of the securities that are the subject of this Base Prospectus. Investors should make their own assessment as to the suitability of investing in the Securities.

This Base Prospectus constitutes "listing particulars" for the purposes of listing on the Global Exchange Market and, for such purposes, does not constitute a "prospectus" for the purposes of the Prospectus Regulation. These listing particulars have been approved by Euronext Dublin.

Application will be made to Euronext Dublin for the Securities issued under the Program within 12 months of the date of this Base Prospectus to be admitted to the official list (the "**Official List**") and to trading on its regulated market (which is a regulated market for the purposes of MiFID II) and on its Global Exchange Market (which is not a regulated market for the purposes of MiFID II). However, there is no guarantee that admission to trading on the regulated market or the Global Exchange Market of Euronext Dublin will be granted in respect of Securities issued under the Program. Unlisted Securities may be issued pursuant to the Program and the Program provides that Securities may be listed on such other stock exchange(s) as may be specified in the relevant Issue Terms. The relevant Issue Terms in respect of the issue of any Securities will specify whether or not such Securities will be listed on and admitted to trading on the regulated market of Euronext Dublin (or any other stock exchange).

The requirement to publish a prospectus under the Prospectus Regulation only applies to Securities which are to be (i) admitted to trading on a regulated market in the EEA and/or (ii) offered to the public in the EEA (other than in circumstances where an exemption is available under Article 1(4) of the Prospectus Regulation) ("**Non-Exempt Securities**"). References in this Base Prospectus to "**Exempt Securities**" are to Securities for which no prospectus is required to be published under the Prospectus Regulation.

This document in relation to the Securities to be issued during the period of 12 months from the date of this Base Prospectus has been filed with and approved by the Central Bank of Ireland in its capacity as competent authority in Ireland for the purposes of the Prospectus Regulation. Copies of each set of Issue Terms in relation to Securities to be listed on Euronext Dublin will also be published on the website of the Euronext Dublin (<https://www.euronext.com/en/markets/dublin>) for a period of 12 months only and will be available at the specified office set out below of the Fiscal Agent (as defined herein) and each of the Paying Agents. Notice of the aggregate nominal amount of Securities, interest (if any) payable in respect of the Securities, the issue price of the Securities and certain other information which is applicable to each Tranche will be set out in (a) in the case of Exempt Securities, a pricing supplement document (the "**Pricing Supplement**") or (b) in the case of Non-Exempt Securities, a final terms document (the "**Final Terms**"). References in this Base Prospectus to "**Issue Terms**" means either (i) where the Securities are Non-Exempt Securities, the relevant Final Terms or (ii) where the Securities are Exempt Securities, the relevant Pricing Supplement, and should be construed accordingly.

**Prospective investors should be aware of the risks involved in investing in the Securities (see "Risk Factors" on pages 16 to 24).** If a series of Securities is to be rated, such rating shall be specified in the applicable Issue Terms. Whether or not each credit rating applied for in relation to relevant Series of Securities will be issued by a credit rating agency established in the European Union and registered under Regulation (EC) No. 1060/2009 (as amended from time to time by the relevant competent authority) (the "**CRA Regulation**") will be disclosed in the Issue Terms. Please also refer to "*Credit ratings may not reflect all risks*" in the "*Risk Factors*" section of this Base Prospectus.

Morgan Stanley's ratings are issued by Standard & Poor's Financial Services LLC through its business unit S&P Global Ratings ("**S&P**"), Moody's Investors Service, Inc., ("**Moody's**"), Fitch Ratings, Inc. ("**Fitch**"), DBRS, Inc. ("**DBRS**") and Rating and Investment Information, Inc. ("**R&I**"). None of DBRS, Fitch, Moody's and S&P is established in the EEA or has applied for registration under the CRA Regulation. However, their respective affiliates are established in the EEA and registered under the CRA Regulation. Such affiliates endorse the ratings of DBRS, Fitch, Moody's and S&P for use for regulatory purposes in the EEA. R&I is not incorporated in the EEA and is not registered under the CRA Regulation in the European Union. The list of credit rating agencies registered under the CRA Regulation (as updated from time to time) is published on the website of the European Securities and Markets Authority (<http://www.esma.europa.eu/page/Listregistered-and-certified-CRAs>).

Ratings of Morgan Stanley's senior unsecured debt have been given by DBRS, Fitch, Moody's, R&I and S&P through its business unit S&P Global Ratings and appear on page 16 of Morgan Stanley's Quarterly Report on Form 10-Q for the quarterly period ended 31 March 2021.

In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the European Union and registered under the CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances whilst the registration application is still pending. Such general restriction will also apply in the case of credit ratings issued by non-European Union credit rating agencies, unless the relevant credit ratings are endorsed by an European Union-registered credit rating agency or the relevant non-European Union agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). The list of registered and certified rating agencies published by ESMA on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the

publication of the updated ESMA list. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation.

The language of this Base Prospectus is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

The Securities and any non-contractual obligations arising out of or in connection with the Securities will be governed by, and construed in accordance with, English law.

**Investing in the Securities involves risks. See the "Risk Factors" section beginning on page 16 of this Base Prospectus.**

**No person has been authorized by the Issuer or the Guarantor to give any information or to make any representation not contained or incorporated by reference in the Base Prospectus or any other document entered into in relation to the Program, and, if given or made, that information or representation should not be relied upon as having been authorized by the Issuer, the Guarantor or any of the Distribution Agents. Neither the delivery of this Base Prospectus or any Issue Terms nor the offering, sale or delivery of any Securities will, in any circumstances, create any implication that the information contained in this Base Prospectus is true subsequent to the date hereof or the date upon which this Base Prospectus has been most recently amended, restated and/or supplemented or that there has been no adverse change in the financial situation of the Issuer or the Guarantor since the date hereof or, as the case may be, the date upon which this Base Prospectus has been most recently amended, restated and/or supplemented or the balance sheet date of the most recent financial statements which have been incorporated into this Base Prospectus by reference, or that any other information supplied in connection with the Program from time to time is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same. The Distribution Agents expressly do not undertake to review the financial condition or affairs of the Issuer or the Guarantor during the life of the Program. Investors should review, *inter alia*, the most recent financial statements of the Issuer and the Guarantor when evaluating the Securities or an investment therein. (Such financial statements shall not form a part of this Base Prospectus unless they have been expressly incorporated herein by way of a supplement to this Base Prospectus.)**

**THE SECURITIES AND THE GUARANTEE IN RESPECT THEREOF HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. NEITHER THE ISSUER NOR THE GUARANTOR IS REGISTERED, OR WILL REGISTER, UNDER THE INVESTMENT COMPANY ACT. INTERESTS IN THE SECURITIES MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OR ITS POSSESSIONS OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S) OR UNITED STATES PERSONS (AS DEFINED FOR U.S. FEDERAL INCOME TAX PURPOSES), EXCEPT THAT SECURITIES MAY BE SOLD OR OTHERWISE TRANSFERRED IN ACCORDANCE WITH RULE 144A TO A PERSON WHO TAKES DELIVERY IN THE FORM OF AN INTEREST IN A RESTRICTED GLOBAL SECURITY AND WHOM THE HOLDER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVE IS A QIB THAT IS ALSO A QP PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QIBS, EACH OF WHICH IS ALSO A QP, WHOM THE HOLDER HAS INFORMED, IN EACH CASE, THAT SUCH OFFER, SALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, AND IN A NOMINAL AMOUNT OR PURCHASE PRICE FOR EACH ACCOUNT OF NOT LESS THAN U.S.\$100,000, IN EACH CASE IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES AND ANY OTHER APPLICABLE JURISDICTION.**

**THIS BASE PROSPECTUS HAS BEEN PREPARED BY THE ISSUER AND THE GUARANTOR FOR USE IN CONNECTION WITH THE OFFER AND SALE OF THE SECURITIES OUTSIDE THE**

UNITED STATES TO A PERSON THAT IS NOT A U.S. PERSON IN RELIANCE ON REGULATIONS AND WITHIN THE UNITED STATES TO QIB/QPs PURSUANT TO RULE 144A OR PURSUANT TO ANOTHER EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, AND FOR THE LISTING OF THE SECURITIES ON EURONEXT DUBLIN. PROSPECTIVE PURCHASERS ARE HEREBY NOTIFIED THAT SELLERS OF THE SECURITIES MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A AND ONE OR MORE EXEMPTIONS AND/OR EXCLUSIONS FROM REGULATION UNDER THE U.S. COMMODITY EXCHANGE ACT, AS AMENDED (THE "COMMODITY EXCHANGE ACT"). FOR A DESCRIPTION OF THESE AND CERTAIN FURTHER RESTRICTIONS ON OFFERS, SALES AND TRANSFERS OF THE SECURITIES AND DISTRIBUTION OF THIS BASE PROSPECTUS, SEE "*SUBSCRIPTION AND SALE AND TRANSFER RESTRICTIONS*". THE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION IN THE UNITED STATES OR ANY OTHER REGULATORY AUTHORITY IN THE UNITED STATES NOR HAVE ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF THE OFFERING OF ANY SECURITIES PURSUANT TO THIS PROGRAM OR THE ACCURACY OR THE ADEQUACY OF THIS BASE PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES. THE SECURITIES DO NOT CONSTITUTE, AND HAVE NOT BEEN MARKETED AS, CONTRACTS OF SALE OF A COMMODITY FOR FUTURE DELIVERY (OR OPTIONS THEREON) SUBJECT TO THE COMMODITY EXCHANGE ACT AND TRADING IN THE SECURITIES HAS NOT BEEN APPROVED BY THE U.S. COMMODITY FUTURES TRADING COMMISSION PURSUANT TO U.S. COMMODITY EXCHANGE ACT.

EACH PURCHASER OF SECURITIES WILL BE DEEMED TO HAVE MADE CERTAIN REPRESENTATIONS AND AGREEMENTS INTENDED TO RESTRICT THE RESALE OR OTHER TRANSFER OF SUCH SECURITIES AS SET OUT IN "*SUBSCRIPTION AND SALE AND TRANSFER RESTRICTIONS*".

THE SECURITIES ARE NOT DEPOSITS OR SAVINGS ACCOUNTS AND ARE NOT INSURED BY THE U.S. FEDERAL DEPOSIT INSURANCE CORPORATION OR ANY OTHER GOVERNMENTAL AGENCY OR INSTRUMENTALITY OR DEPOSIT PROTECTION SCHEME ANYWHERE, NOR ARE THEY OBLIGATIONS OF, OR GUARANTEED BY, A BANK.

None of the Issuer, Morgan Stanley & Co. International plc (which may act, in whole or in part, through an affiliate thereof) or Morgan Stanley & Co. LLC, as Distribution Agents for the Securities, has or will take any action in any country or jurisdiction that would permit a public offering of the Securities or possession or distribution of any offering material in relation to a public offering in any country or jurisdiction where action for that purpose is required. Each investor must comply with all applicable laws and regulations in each country or jurisdiction in or from which the investor purchases, offers, sells or delivers the Securities or has in the investor's possession or distributes this Base Prospectus or any accompanying Issue Terms.

**MIFID II product governance / target market** – The Issue Terms in respect of any Securities may include a legend entitled "**MiFID II Product Governance**" which will outline the target market assessment in respect of the Securities and which channels for distribution of the Securities are appropriate. Any person subsequently offering, selling or recommending the Securities (a "**distributor**") should take into consideration the target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Securities (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the "**MiFID Product Governance Rules**"), any dealer subscribing for any Securities is a manufacturer in respect of such Securities, but otherwise neither

dealer(s) nor any of its respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

### **Benchmarks Regulation**

Amounts payable under the Securities may be calculated by reference to certain indices. Any such index may constitute a benchmark for the purposes of Regulation (EU) 2016/1011 (the "**Benchmarks Regulation**"). If any such index does constitute such a benchmark, the Issue Terms will indicate whether or not the benchmark is provided by an administrator included in the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority ("**ESMA**") pursuant to Article 36 (*Register of administrators and benchmarks*) of the Benchmarks Regulation. Transitional provisions in the Benchmarks Regulation may have the result that the administrator of a particular benchmark is not required to appear in the register of administrators and benchmarks at the date of the Issue Terms. The registration status of any administrator under the Benchmarks Regulation is a matter of public record and, save where required by applicable law, the Issuer does not intend to update the Issue Terms to reflect any change in the registration status of the administrator.

**PRIIPs / IMPORTANT – EEA RETAIL INVESTORS** – If the Issue Terms in respect of any Securities includes a legend entitled "Prohibition of Sales to EEA Retail Investors", the Securities are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of:

- (A) a retail client as defined in point (11) of Article 4(1) of MiFID II;
- (B) a customer within the meaning of Directive (EU) 2016/97 (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
- (C) not a qualified investor as defined in the Prospectus Regulation.

Consequently, if the Issue Terms in respect of any Securities includes a legend entitled "Prohibition of Sales to EEA Retail Investors", no key information document required by Regulation (EU) No 1286/2014, as amended (the "**PRIIPs Regulation**") for offering or selling the Securities or otherwise making them available to retail investors in the EEA has been or will be prepared and therefore offering or selling the Securities or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

This Base Prospectus is available to view on the website of Euronext Dublin:  
<https://www.euronext.com/en/markets/dublin>

**MORGAN STANLEY**

20 July 2021

**The Issuer accepts responsibility for the information contained in this Base Prospectus. To the best of the knowledge of the Issuer, the information contained in this Base Prospectus (including each document incorporated by reference herein) is in accordance with the facts and does not omit anything likely to affect the import of such information. The Guarantor accepts responsibility for the following information: (i) the information set out in the Registration Document dated 11 December 2020 (as supplemented from time to time, including, without limitation, by the First Supplement to the Registration Document dated 9 July 2021) relating to the Guarantor that is incorporated by reference in this Base Prospectus, (ii) the financial reports of the Guarantor incorporated by reference into this Base Prospectus and (iii) the information set out in the section entitled "Morgan Stanley" of the General Information section of this Base Prospectus.**

**The applicable Issue Terms may contain information relating to the underlying asset(s) or other basis or bases of reference (each, a "Relevant Underlying") to which the relevant Securities relate. However, unless otherwise expressly stated in the applicable Issue Terms, any information contained therein relating to a Relevant Underlying will only consist of extracts from, or summaries of, information contained in financial and other information released publicly in respect of such Relevant Underlying(s). The Issuer will, unless otherwise expressly stated in the applicable Issue Terms, confirm that such extracts or summaries have been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published in respect of such Relevant Underlying(s), no facts have been omitted that would render the reproduced information inaccurate or misleading.**

**The Distribution Agents have not separately verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility is accepted by the Distribution Agents as to the accuracy or completeness of this Base Prospectus or any document incorporated by reference herein or any further information supplied in connection with any Securities. The Distribution Agents accept no liability in relation to this Base Prospectus or any document incorporated by reference herein or their distribution or with regard to any other information supplied by or on behalf of the Issuer.**

**The Issuer and the Guarantor (in relation to itself only) have confirmed to the Distribution Agents that this Base Prospectus (including each document incorporated by reference herein) is true, accurate and complete in all material respects and is not misleading; that the opinions and intentions expressed herein are honestly held and based on reasonable assumptions; that there are no other facts in relation to the information contained or incorporated by reference in this Base Prospectus the omission of which would, in the context of the Program or the issue of the Securities, make any statement herein or opinions or intentions expressed herein misleading in any material respect, and that all reasonable enquiries have been made to verify the foregoing. The Issuer and the Guarantor (in relation to itself only) have further confirmed to the Distribution Agents that this Base Prospectus (including each document incorporated by reference herein together with the relevant Issue Terms) contains all such information as may be required by all applicable laws, rules and regulations. The distribution of this Base Prospectus and any Issue Terms and the offering, sale and delivery of the Securities in certain jurisdictions may be restricted by law. Persons into whose possession the Base Prospectus or any Issue Terms comes are required by the Issuer, the Guarantor and the Distribution Agents to inform themselves about and to observe those restrictions. Neither this Base Prospectus nor any Issue Terms may be used for the purpose of an offer or solicitation by anyone in any jurisdiction in which that offer or solicitation is not authorised or to any person to whom it is unlawful to make such an offer or solicitation.**

**For a description of certain restrictions on offers, sales and deliveries of Securities and on the distribution of the Base Prospectus or any Issue Terms and other offering material relating to the Securities, see "*Subscription and Sale and Transfer Restrictions*" beginning on page 145 of this Base Prospectus.**

**Subject to the relevant Issue Terms, the Issuer does not intend to provide post-issuance information in respect of the Securities.**

This Base Prospectus has been prepared on the basis that any offer of Securities in any member state of the EEA (each a “**Relevant State**”) will be made pursuant to an exemption under the Prospectus Regulation from the requirement to publish a prospectus for offers of Securities. Accordingly any person making or intending to make an offer in that Relevant State of Securities which are the subject of an offering contemplated in this Base Prospectus as completed by Issue Terms in relation to the offer of those Securities may only do so in circumstances in which no obligation arises for the Issuer, the Guarantor or any Distribution Agent to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation, in each case, in relation to such offer. Neither the Issuer nor any Distribution Agent have authorised, nor do they authorise, the making of any offer of Securities in circumstances in which an obligation arises for the Issuer or any Distribution Agent to publish or supplement a prospectus for such offer.

**This Base Prospectus should be read and construed with any amendment or supplement hereto and with, in relation to any issue of Securities, the Issue Terms relating thereto and with all documents incorporated by reference herein (see the "*Incorporation by Reference*" section of this Base Prospectus below).**

**Neither this Base Prospectus nor any Issue Terms constitutes an offer of or an invitation to subscribe for or purchase any Securities and should not be considered as a recommendation by the Issuer, the Guarantor or the Distribution Agents that any recipient of the Base Prospectus or any Issue Terms should subscribe for or purchase any Securities. Each recipient of the Base Prospectus or any Issue Terms will be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the Issuer and, where applicable, the Guarantor and of the particular terms of any offered Securities.**

**None of the Distribution Agents or any of their affiliates assumes any obligation to purchase any Securities or to make a market in the Securities, and no assurances can be given that a liquid market for the Securities will exist.**

**To permit compliance with Rule 144A in connection with any resales or other transfers of Securities that are "restricted securities" within the meaning of the Securities Act, the Issuer has undertaken, in a deed poll dated on or around 20 July 2021 (the "Deed Poll"), to furnish, upon the request of a holder or beneficial owner of such Securities, to such holder, beneficial owner or to a prospective purchaser designated by holder or beneficial owner, the information required to be delivered under Rule 144A(d)(4) under the Securities Act if, at the time of the request, the Issuer is neither a reporting company under Section 13 or 15(d) of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act"), nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder.**

**The Issuer is a private limited company with limited liability incorporated under the laws of The Netherlands. None of the directors and executive officers of the Issuer are residents of the United States, and all or a substantial portion of the assets of the Issuer and such persons are located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon the Issuer or such persons or to enforce against any of them in the United States courts judgments obtained in United States courts, including judgments predicated upon the civil liability provisions of the securities laws of the United States or any State or territory within the United States.**

**Investors should be aware that neither the Issuer nor the Guarantor is regulated by the Central Bank of Ireland and that any investment will not have the status of a bank deposit and is therefore not within the scope of the deposit protection scheme operated by the Central Bank of Ireland.**

**All references in this Base Prospectus to "Sterling" and "£" are to the lawful currency of the United Kingdom, all references to "U.S. Dollars," "USD" and "\$" are to the lawful currency of the United**



States of America, all references to "Hong Kong Dollars" and "HKD" are to the lawful currency of Hong Kong, all references to "Japanese Yen", "JPY" and "¥" are to the lawful currency of Japan, all references to "Australian Dollars" and "AUD" are to the lawful currency of the Commonwealth of Australia, all references to "New Zealand Dollars" and "NZD" are to the lawful currency of New Zealand, all references to "Danish Krone", "DKr" and "DKK" are to the lawful currency of the Kingdom of Denmark, all references to "Swedish Krona", "SKr" and "SEK" are to the lawful currency of the Kingdom of Sweden, all references to "Norwegian Krone", "NKr" and "NOK" are to the lawful currency of the Kingdom of Norway, and all references to "euro", "€" and "EUR" are to the single currency introduced at the start of the third stage of the European Economic and Monetary Union pursuant to the Treaty on the Functioning of the European Union, as amended (the "EC Treaty").

**IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE ISSUER AND, WHERE APPLICABLE, THE GUARANTOR AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED.**

In connection with the issue of any Tranche (as defined on the cover page and in the "*Overview of the Program*" section below), the Distribution Agents or any other agent specified for that purpose in the applicable Issue Terms (if any) named as the stabilising manager(s) (the "Stabilising Manager(s)") (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Issue Terms may over-allot Securities or effect transactions with a view to supporting the market price of the Securities at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) will undertake stabilization action. Any stabilization action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche and 60 days after the date of the allotment of the relevant Tranche. Any stabilisation action or over-allotment shall be conducted by the relevant Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.

#### **NOTICE TO BAHRAIN RESIDENTS**

In relation to investors in the Kingdom of Bahrain, Securities issued in connection with this Base Prospectus and related offering documents may only be offered in registered form to existing accountholders and accredited investors (each as defined by the Central Bank of Bahrain (the "CBB")) in the Kingdom of Bahrain where such investors make a minimum investment of at least U.S.\$100,000 or any equivalent amount in another currency or such other amount as the CBB may determine.

This Base Prospectus does not constitute an offer of securities in the Kingdom of Bahrain in terms of Article (81) of the Central Bank and Financial Institutions Law 2006 (decree Law No. 64 of 2006). This Base Prospectus and related offering documents have not been and will not be registered as a prospectus with the CBB. Accordingly, no Securities may be offered, sold or made the subject of an invitation for subscription or purchase nor will this Base Prospectus or any other related document or material be used in connection with any offer, sale or invitation to subscribe or purchase securities, whether directly or indirectly, to persons in the Kingdom of Bahrain, other than to accredited investors for an offer outside the Kingdom of Bahrain.

The CBB has not reviewed, approved or registered this Base Prospectus or related offering documents and it has not in any way considered the merits of the Securities to be offered for investment, whether in or outside the Kingdom of Bahrain. Therefore, the CBB assumes no responsibility for the accuracy and completeness of the statements and information contained in this Base Prospectus and expressly disclaims any liability whatsoever for any loss howsoever arising from reliance upon the whole or any part of the content of this Base Prospectus. No offer of Securities will be made to the public in the Kingdom of Bahrain and this Base Prospectus must be read by the addressee only and must not be issued, passed to, or made available to the public generally.

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## OVERVIEW OF THE PROGRAM

The following overview does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Base Prospectus and, in relation to the terms and conditions of any particular tranche of Securities, the applicable Issue Terms.

<b>Issuer</b> .....	Morgan Stanley B.V.
<b>Guarantor</b> .....	Morgan Stanley unless specified otherwise in the applicable Issue Terms
<b>Distribution Agents</b> .....	Morgan Stanley & Co. International plc 25 Cabot Square, Canary Wharf, London E14 4QA, which may act, in whole or in part, through an affiliate thereof, and Morgan Stanley & Co. LLC 1585 Broadway New York 10036 and together with any other distribution agent who may be appointed pursuant to the terms of the Distribution Agreement
<b>Fiscal Agent</b> .....	Deutsche Bank AG, London Branch, Winchester House, 1 Great Winchester Street, London EC2N 2DB
<b>U.S. Paying Agent, Registrar and Transfer Agent</b> .....	Deutsche Bank Trust Company Americas, Global Securities Services, Global Transaction Banking, 16th Floor, 60 Wall Street, New York, New York 10005
<b>Determination Agent</b> .....	Unless otherwise specified in the applicable Issue Terms, Morgan Stanley & Co. International plc, 20 Bank Street, Canary Wharf, London E14 4AD
<b>Issuance in Series</b> .....	Securities will be issued in series (each, a " <b>Series</b> "). Each Series may comprise one or more tranches (" <b>Tranches</b> " and each, a " <b>Tranche</b> ") issued on different issue dates. The Securities of each Series will all be subject to identical terms, except that the issue date and the amount of the first payment of any distribution amount may be different in respect of different Tranches and each Tranche may comprise Securities of different nominal amounts.
<b>Forms of Securities</b> .....	<p>The Issuer will issue Securities in registered form. Securities will be represented by a global security and in limited circumstances by individual registered instruments with one instrument being issued in respect of each Securityholder's entire holding of Securities in registered form. See "<i>Form of Securities</i>" below.</p> <p>Securities which are delivered outside any clearing system will be represented by individual registered instruments, one security being issued in respect of</p>

each Securityholder's entire holding of Securities of one Series. Securities that are registered in the name of a nominee for one or more clearing systems will be represented by global securities.

**Exempt Securities**  
.....

The Issuer may issue Exempt Securities which are Notes, Warrants or Certificates.

The Issuer and the Guarantor may agree with any Distribution Agent that Exempt Securities may be (i) issued in a form not contemplated by the Conditions or (ii) subject to amended, supplemented or modified Conditions, in which event the relevant provisions will be included in the applicable Pricing Supplement.

**Terms and Conditions**  
.....

Issue Terms will be prepared in respect of each Tranche of Securities (each an "**Issue Terms**"). The terms and conditions applicable to each Tranche issued will be those set out under the heading "*Terms and Conditions of the Securities*", as amended, modified or replaced, in each case, by the applicable Issue Terms.

**Specified Currency**  
.....

Securities may be denominated or payable in any currency as set out in the applicable Issue Terms, subject to all applicable consents being obtained and compliance with all applicable legal and regulatory requirements.

**Status**  
.....

Securities will be direct and general obligations of the Issuer.

**Guarantee**  
.....

The payment of all amounts due in respect of Securities issued by the Issuer will, unless specified otherwise in the applicable Issue Terms, be unconditionally and irrevocably guaranteed by Morgan Stanley pursuant to a guarantee dated on or around 20 July 2021.

**Issue Price**  
.....

Securities may be issued at any price, as specified in the applicable Issue Terms, subject to compliance with all applicable legal and regulatory requirements.

**Exercise of Certificates and Warrants**  
.....

Certificates and Warrants may be exercisable on any day during a specified exercise period ("**American Style Securities**"), on a specified expiration date ("**European Style Securities**") or on specified dates during a specified exercise period ("**Bermudan Style Securities**"), as specified in the applicable Issue Terms. If so specified in the applicable Issue Terms, Securities may be deemed exercised on the expiration date thereof.

**Settlement of Securities**  
.....

Upon exercise, Certificates and Warrants may entitle the Securityholder to receive from the Issuer a cash settlement amount as specified or calculated in accordance with the applicable Issue Terms ("**Cash Settlement Amount**").

Unless previously redeemed or purchased and cancelled, Notes will be redeemed by the Issuer at their Final Redemption Amount as specified or calculated in accordance with the applicable Issue Terms (the "**Final Redemption Amount**").

Securityholders will not be entitled to receive physical delivery of securities in respect of any Securities.

**Minimum Exercise Number or Maximum Exercise Number**  
.....

Certificates and Warrants are exercisable in the minimum exercise number (or, if so specified, integral multiples of the specified permitted multiples) but subject to the maximum exercise number specified in the applicable Issue Terms.

**Early Termination**  
.....

Early termination will be permitted for a number of circumstances including illegality, certain regulatory events, tax, additional disruption events, extraordinary events relating to the underlying, in certain circumstances where the Relevant Underlying is an Index following an Index Adjustment Event, and other reasons specified in the Issue Terms in accordance with the "*Terms and Conditions of the Securities*".

If so specified in the applicable Issue Terms, investors in Securities will have the right to elect to terminate their Securities early in accordance with the terms set out in the "*Terms and Conditions of the Securities*" as completed by the applicable Issue Terms.

If so specified in the applicable Issue Terms, the Issuer will have the right to elect to terminate the Securities early in accordance with the terms set out in the "*Terms and Conditions of the Securities*" as completed by the applicable Issue Terms.

**Distribution Amounts**  
.....

Securities may provide for distributions ("**Distribution Amounts**") to be paid. The payment of Distribution Amounts, if any, may be subject to conditions specified in the applicable Issue Terms and the Conditions.

**Nominal Amounts**  
.....

Securities may be issued in such nominal amounts as may be specified in the applicable Issue Terms, subject to compliance with all applicable legal and regulatory requirements. For Securities issued in

nominal amounts, such nominal amounts will be at least EUR 1,000 per Security, save that in respect of any Series of Securities, which shall be in minimum nominal amounts or with minimum purchase prices of U.S.\$100,000 and higher integral multiples of U.S.\$1,000 thereof.

**Taxation**  
.....

Except as otherwise set out in the relevant Issue Terms, all payments by the Issuer and the Guarantor in respect of the Securities shall be net of any relevant Taxes and without limitation, in the event any withholding or deduction for, any taxes, duties, assessments or governmental charges of whatsoever nature imposed, levied, collected, withheld or assessed by any jurisdiction or any political subdivision or any authority thereof or therein having power to tax, is required by law, neither the Issuer nor the Guarantor shall be required to make any additional payments on account of such withholding or deduction.

**Use of Proceeds**  
.....

The net proceeds from the sale of Securities offered under this Base Prospectus will be used by the Issuer for general corporate purposes, in connection with hedging the Issuer's obligations under the Securities, or both.

In respect of MSBV, at least 95 per cent. of the proceeds will be invested (*uitzetten*) within the group of which it forms part.

**Listing**  
.....

Applications have been made to admit the Securities offered under the Program by the Issuer to trading on Euronext Dublin. The applicable Issue Terms will specify whether an issue of Securities will be admitted to trading on the regulated market or the Global Exchange Market of Euronext Dublin, admitted to listing, trading and/or quotation by any other listing authority, stock exchange and/or quotation system or will be unlisted, as the Issuer and any Distribution Agent may agree.

**Clearing Systems**  
.....

DTC, Euroclear and Clearstream, Luxembourg (in the case of Restricted Securities) and/or any other clearing system as may be specified in the applicable Issue Terms, or Euroclear, and Clearstream, Luxembourg (in the case of Unrestricted Securities) and/or any other clearing system as may be specified in the applicable Issue Terms.

**Governing Law**  
.....

The Securities and any non-contractual obligations arising out of or in connection with the Securities)

will be governed by, and construed in accordance with, English law.

**Enforcement of Securities in Global Form**  
.....

In the case of Securities issued by the Issuer in global form, individual holders' rights will be governed by a deed of covenant entered into by the Issuer dated on or around 20 July 2021 (the "**Deed of Covenant**"), copies of which will be available for inspection at the specified office of the Fiscal Agent, the Registrar, the Luxembourg Paying Agent and Transfer Agent. Copies may also be provided by a Paying Agent by email should a specific request be made by a Securityholder to such Paying Agent, provided that such Securityholder provides such Paying Agent with a satisfactory proof of holding with respect to its Securities.

**Selling Restrictions**  
.....

For a description of certain restrictions on offers, sales and deliveries of the Securities and on the distribution of offering material in the United States and in certain other countries, see "*Subscription and Sale and Transfer Restrictions*".

**Restricted Securities**  
.....

Offers and sales of Securities in accordance with Rule 144A, or pursuant to another exemption from the registration requirements of the Securities Act, will be permitted, if specified in the relevant Issue Terms, subject to compliance with all applicable legal and/or regulatory requirements of the United States.

## RISK FACTORS

**PROSPECTIVE INVESTORS SHOULD READ THE ENTIRE BASE PROSPECTUS (AND, WHERE APPROPRIATE, ANY APPLICABLE FINAL TERMS). WORDS AND EXPRESSIONS DEFINED ELSEWHERE IN THIS BASE PROSPECTUS HAVE THE SAME MEANINGS IN THIS SECTION.**

*Prospective investors should consider the section entitled "Risk Factors" in the Registration Document dated 11 December 2020 (as supplemented from time to time, including, without limitation, by the First Supplement to the Registration Document dated 9 July 2021) referred to in the section entitled "Incorporation by Reference" in this Base Prospectus and consult with their own professional advisors if they consider it necessary.*

*Prospective investors should ensure that they understand the nature of the Securities, the extent of their exposure to risk and that they consider carefully the risks set forth below and the other information contained or incorporated by reference in this Base Prospectus prior to making any investment decision with respect to the suitability of Securities as an investment in light of their own circumstances and financial condition. Certain of the risks highlighted could have a material adverse effect on Morgan Stanley's business, operations, financial condition or prospects, which, in turn, could have a material adverse effect on the return that investors will receive in respect of the Securities. In addition, certain of the risks highlighted could adversely affect the trading price of the Securities or the rights of investors under the Securities and, as a result, investors could lose some or all of their investment.*

*Prospective investors should note that the risks described below are not the only risks the Issuer and/or the Guarantor face. The Issuer and the Guarantor have described only those risks that they consider to be material. There may be additional risks that the Issuer and the Guarantor currently consider not to be material or of which it is not currently aware, and any of these risks could have the effects set forth above.*

*Investors should consult their financial and legal advisors as to any specific risks entailed by an investment in Securities that are denominated or payable in, or the payment of which is linked to the value of, a currency other than the currency of the country in which such investor resides or in which such investor conducts its business, which is referred to as their "home currency." These Securities are not appropriate investments for investors who are not sophisticated in foreign currency transactions.*

**In relation to risks relating to the Issuer and the Guarantor, Investors should see the "Risk Factors" section in the Registration Document dated 11 December 2020 (as supplemented from time to time, including, without limitation, by the First Supplement to the Registration Document dated 9 July 2021) of the Issuer and Guarantor incorporated by reference into this Base Prospectus.**

### **Risks Factors relating to the Issuer and the Guarantor**

#### ***Credit risk***

Holders of Securities bear the credit risk of the Issuer and/or the Guarantor, that is the risk that the Issuer and/or the Guarantor is not able to meet its obligations under such Securities, irrespective of how any principal or other payments under such Securities are to be calculated. If the Issuer and/or the Guarantor is not able to meet its obligations under the Securities, then that would have a significant negative impact on the investor's return on the Securities and an investor may lose up to its entire investment.

### **Risk Factors relating to some or all of the Securities**

#### ***Investors risk losing all of their investment in the Securities***



Potential investors should be aware that depending on the terms of the relevant Securities (i) they may receive no distribution amounts, (ii) payments may occur at a different time or a different currency than expected and (iii) they may lose all or a substantial portion of their investment if the value/performance of the Relevant Underlying does not move in the anticipated direction.

***Securities are not ordinary debt securities***

The terms of Securities differ from those of ordinary debt securities because the Securities do not pay interest and on redemption, exercise or cancellation (as applicable) may return less than the amount invested or nothing. Prospective investors who consider purchasing such Securities should reach an investment decision only after carefully considering the suitability of the Securities in light of their particular circumstances. **The price of Securities may fall in value as rapidly as it may rise, and investors in Securities may sustain a total loss of their investment.**

***The Securities may be terminated prior to exercise, maturity or expiration***

Unless in the case of any particular Tranche of Securities the relevant Issue Terms specify otherwise, in the event that the Issuer would be obliged to make any withholding or deduction for any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of any relevant jurisdiction, the Issuer may terminate all outstanding Securities in accordance with the Conditions.

In addition, if in the case of any particular Tranche of Securities the relevant Issue Terms specify that the Securities may be terminated at the Issuer's option in certain other circumstances the Issuer may choose to terminate the Securities at times when the investment environment is unfavourable. Early termination will also be permitted in a number of circumstances including illegality, tax, additional disruption events, extraordinary events relating to the underlying, in certain circumstances where the Relevant Underlying is an Index following an Index Adjustment Event and other reasons specified in the applicable Issue Terms in accordance with the Conditions. In such circumstances an investor may not be able to reinvest the proceeds from termination in a comparable investment at an effective return as high as that of the relevant Securities.

In addition, an optional termination feature in any particular Tranche of Securities is likely to limit their market value. During any period when the Issuer may elect to terminate Securities, the market value of those Securities generally will not rise substantially above the price at which they can be terminated. This also may be true prior to any termination period.

***The value of Securities may be influenced by unpredictable factors***

The value of Securities may be influenced by several factors beyond the Issuer's and, where applicable, the Guarantor's control, including: (i) the market price or value of the applicable underlying share, index or basket of shares or indices, (ii) the volatility (actual and anticipated frequency and magnitude of changes in price or value) of the underlying share, index or basket of shares or indices, (iii) the actual or anticipated dividend rate or other distributions on any underlying shares, (iv) geopolitical conditions and economic, financial and political, regulatory or judicial events that affect stock markets generally and which may affect the market price of the underlying share, index or basket of shares or indices, (v) interest and yield rates in the market, (vi) the time remaining to the expiration or maturity (as applicable) of such Securities, (vii) the Issuer's and, where applicable, the Guarantor's creditworthiness; and (viii) corporate actions in respect of the Securities.

Some or all of these factors will influence the price investors will receive if an investor sells its Securities prior to exercise, expiration, maturity or termination (as applicable) of the Securities. For example, investors may have to sell certain Securities at a substantial discount from the amount invested if the market price or value of the applicable underlying share, index or basket of shares or indices is at, below, or not sufficiently above the initial market price or value or if market interest rates rise. The secondary market price may be lower than the market value of the issued Securities as at the Issue Date to take into account, amongst other things, amounts paid to distributors and other intermediaries relating to the issue and sale of the Securities and amounts

relating to the hedging of the Issuer's obligations. As a result of all of these factors, any investor that sells the Securities before the stated expiration or maturity date, may receive an amount in the secondary market which may be less than the then intrinsic market value of the Securities and which may also be less than the amount the investor would have received had the investor held the Securities through to expiration or maturity (as applicable).

It is not possible to predict the future performance of Relevant Underlyings based on their historical performance.

***Securities where denominations involve integral multiples: definitive Securities***

In relation to any issue of Securities which have denominations consisting of a minimum nominal amount plus one or more higher integral multiples of another smaller amount, it is possible that such Securities may be traded in amounts that are not integral multiples of such minimum nominal amount.

In such a case a Securityholder who, as a result of trading such amounts, holds an amount which is less than the minimum nominal amount in his account with the relevant clearing system at the relevant time may not receive a definitive Security in respect of such holding (should definitive Securities be printed) and would need to purchase a principal amount of Securities such that its holding amounts to the minimum nominal amount for such Securities.

If definitive Securities are issued, Securityholders should be aware that definitive Securities which have a denomination that is not an integral multiple of the minimum nominal amount may be illiquid and difficult to trade.

***The Securities will not have the benefit of any cross-default or cross-acceleration with other indebtedness of MSBV or Morgan Stanley; A Morgan Stanley covenant default or bankruptcy, insolvency or reorganization event does not constitute an Event of Default with respect to the Securities***

Unless otherwise stated in the applicable Issue Terms, the Securities will not have the benefit of any cross-default or cross-acceleration with other indebtedness of MSBV or Morgan Stanley. In addition, a covenant default by Morgan Stanley, as guarantor, or an event of bankruptcy, insolvency or reorganization of Morgan Stanley, as guarantor, does not constitute an event of default with respect to the Securities. Holders of the Securities should be aware that they will not have the right to request the Issuer to redeem the Securities following a default by MSBV or Morgan Stanley (as applicable) under its other indebtedness or following such covenant default or event of bankruptcy or insolvency or reorganization of Morgan Stanley, as Guarantor.

***Hedging activity***

Although Morgan Stanley & Co. International plc and other affiliates of the Issuer or the Guarantor may carry out activities that hedge the Issuer's risks related to the Securities there is no obligation to do so. Any hedging activity is a proprietary trading position and is not carried out on behalf or for the account of or as agent or fiduciary for any Securityholder(s) and the Securityholders will not have any direct economic or other interest in, or beneficial ownership of, any hedge positions. Morgan Stanley & Co. International plc and other affiliates of the Issuer or the Guarantor may hedge the Issuer's obligations under the Securities and they may realise a profit from that hedging activity even if Securityholders do not receive a favourable investment return under the terms of such Securities or in any secondary market transaction. Any such hedging activity undertaken by Morgan Stanley & Co. International plc and other affiliates of the Issuer or the Guarantor may adversely affect the value of the Securities which, in turn, could result in a Securityholder suffering a loss of some (or all) of its initial investment in the Securities.

***Secondary trading of the Securities may be limited***

There may be little or no secondary market for the Securities. Although the Issuer may apply to have certain issuances of Securities admitted to trading on Euronext Dublin or admitted to listing, trading and/or quotation

by any other listing authority, stock exchange and/or quotation system, approval for any listing is subject to meeting the relevant listing requirements. Even if there is a secondary market, it may not provide enough liquidity to allow the investor to sell or trade the Securities easily. Morgan Stanley & Co. International plc currently intends to, and other affiliates of Morgan Stanley may from time to time, act as a market maker for the Securities, but they are not required to do so. If at any time Morgan Stanley & Co. International plc and other affiliates of the Issuer were to cease acting as market makers, it is likely that there would be little or no secondary market for the Securities. This may impact the ability of a Securityholder to sell the Securities at any time.

### ***Modification and waiver***

The Conditions contain provisions for calling meetings of Securityholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Securityholders including Securityholders who did not attend and vote at the relevant meeting and Securityholders who voted in a manner contrary to the majority. Holders of the Securities should be aware that if they are not part of the defined majority, including if such holder did not attend the relevant meeting, they will be bound by the decision of the defined majority on matters which may negatively affect the interests of the such holder.

### ***Securities issued at a substantial discount or premium***

The market values of Securities issued at a substantial discount or premium from their nominal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the Securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

### ***Risks relating to regulatory reform***

It is possible that government regulation of various types of financial instruments, including the Securities and the Relevant Underlyings, may affect the ability of Morgan Stanley to offer or sell such Securities in the United States or to, or for the account or benefit of, U.S. persons. In addition, regulatory reform could ultimately affect the performance of the Relevant Underlyings and hence the performance of the Securities. In particular, some legislative and regulatory proposals, such as those in the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "**Dodd-Frank Act**"), will, upon implementation, impose limits on the maximum position that could be held by a single trader in certain Relevant Underlyings and may subject certain Relevant Underlyings (and therefore any Securities linked to those Relevant Underlyings) to new forms of regulation that could create barriers to some types of investment activity, including investments via the Securities. Other provisions may require certain of the Securities to be cleared and traded on an exchange, expand entity registration requirements and impose business conduct requirements on persons active in the swaps market. While certain provisions of the Dodd-Frank Act have already come into effect or are the subject of final rules that by their terms will come into effect at specified dates in the future, other provisions must be implemented through future rulemaking. While any such regulatory or legislative activity may not necessarily have a direct or indirect, immediate effect upon Morgan Stanley or the Securities, it is possible that, upon implementation of these measures or any future measures, such regulatory reform could potentially limit or completely restrict the ability of Morgan Stanley to offer Securities, increase the costs of offering the Securities or make them less effective, which could then affect the performance of the Securities.

### ***U.S. Withholding Tax under FATCA***

As discussed under "United States Taxation" below, Sections 1471 through 1474 of the U.S. Internal Revenue Code (the "**Code**") and any regulations thereunder or official guidance in connection therewith, an agreement entered into with the IRS pursuant to such sections of the Code, an intergovernmental agreement (an "**IGA**") between the United States and another jurisdiction in furtherance of such sections of the Code, or any non-U.S. laws or rules implementing an IGA (collectively referred to as "**FATCA**") may impose a withholding tax of 30 per cent. on payments made on the Securities (including payments made by financial intermediaries), unless various U.S. information reporting and due diligence requirements have been satisfied. If withholding

is so required, none of the Issuer, Guarantor or any other person will be required to pay any additional amounts with respect to the amounts so withheld. Any withholding will reduce the amounts paid to an investor on the Securities.

***Payments on certain Securities may be subject to U.S. Withholding Tax under Section 871(m) of the Code***

As discussed under "United States Taxation" below, Section 871(m) of the Code and Treasury regulations promulgated thereunder ("**Section 871(m)**") generally impose a 30 per cent. (or a lower applicable treaty rate) withholding tax on dividend equivalents paid or deemed paid to Non-U.S. persons with respect to certain financial instruments linked to U.S. equities or to certain indices that include U.S. equities (each, a "**U.S. Underlying Security**"). Subject to certain exceptions, Section 871(m) generally applies to securities that substantially replicate the economic performance of one or more U.S. Underlying Securities, as determined based on tests set forth in the applicable Treasury regulations and administrative guidance.

In certain circumstances, Section 871(m) withholding could apply to dividend equivalents with respect to underlying non-U.S. entities. For example, Section 871(m) withholding may apply if a Security is linked to a non-U.S. corporation whose dividends would be treated as U.S. source income because a significant portion of the foreign corporation's gross income is effectively connected with the corporation's trade or business in the U.S., or if the foreign corporation is treated as a U.S. corporation under Section 7874 of the Code. If withholding is required, none of the Issuer, Guarantor or any other person will pay any additional amounts with respect to the amounts so withheld and any such withholding will reduce the amounts paid to an investor on the Securities.

**Risk Factors relating to currencies and exchange rates**

***Exchange rates, exchange controls and inconvertibility may affect Securities' value or return***

*Exchange rates will affect the investor's investment*

In recent years, rates of exchange between some currencies have been highly volatile and this volatility may continue in the future. Fluctuations in any particular exchange rate that have occurred in the past are not necessarily indicative, however, of fluctuations that may occur during the term of any Security. Depreciation against the investor's home currency or the currency in which a Security is payable would result in a decrease in the effective yield of the Security and could result in an overall loss to an investor on the basis of the investor's home currency.

*General exchange rate, exchange control risks and inconvertibility*

An investment in a Security denominated in, or the payment of which is linked to the value of, currencies other than the investor's home currency entails significant risks. These risks include the possibility of significant changes in rates of exchange between its home currency and the other relevant currencies and the possibility of the imposition or modification of exchange controls by the relevant governmental authorities or other inconvertibility events. These risks generally depend on economic and political events over which neither the Issuer nor the Guarantor has any control. Such risks may impact the payments due under the Securities and therefore the value or return of the Securities.

*Neither the Issuer nor the Guarantor has any control over exchange rates*

Currency exchange rates can either float or be fixed. Exchange rates of most economically developed nations are permitted to fluctuate in value relative to each other. However, from time to time governments may use a variety of techniques, such as intervention by a country's central bank, the imposition of regulatory controls or taxes, or changes in interest rate to influence the exchange rates of their currencies. Governments may also issue a new currency to replace an existing currency or alter the exchange rate or relative exchange characteristics by a devaluation or revaluation of a currency. These governmental actions could change or

interfere with currency valuations and currency fluctuations that would otherwise occur in response to economic forces, as well as in response to the movement of currencies across borders.

As a consequence, these government actions could adversely affect yields or payouts in the investor's home currency for Securities denominated or payable in currencies other than U.S. Dollars.

As the Issuer will not make any adjustment or change to the terms of the Securities (i) in the event that exchange rates should become fixed, (ii) in the event of any devaluation or revaluation or imposition of exchange or other regulatory controls or taxes or (iii) in the event of other developments affecting any currency, the investor will bear those risks, which may adversely impact the return on, and value, of the Securities.

*Some currencies may become unavailable*

Governments have imposed from time to time, and may in the future impose, exchange controls that could also affect the availability of a Specified Currency (as defined herein). Even if there are no actual exchange controls, it is possible that the applicable currency for any Security would not be available when payments on that Security are due. In such circumstances and subject to the terms of the relevant Securities, the Determination Agent may determine that an inconvertibility event has occurred in respect of such Securities and, as a result, the Issuer may elect to suspend payments under such Securities or terminate such Securities early. In the event of an early termination in such circumstances, the inconvertibility early termination amount payable to holders of such Securities may be less than the amount holders of such Securities expected to receive if such Securities had continued to maturity.

*Currency exchange information will be provided in the Issue Terms*

The applicable Issue Terms or supplement(s) to this Base Prospectus, where relevant, will include information with respect to any relevant exchange controls and any relevant historic exchange rate information for any Security. The investor should not assume that any historic information concerning currency exchange rates will be representative of the range of, or trends in, fluctuations in currency exchange rates that may occur in the future. Future fluctuations in currency exchange rates, the range of such fluctuations or trends in such fluctuations may adversely impact the return on and value of the Securities.

*Emerging markets currencies*

Where Securities are denominated in an emerging market currency or linked to one or more emerging market currencies, such emerging markets currencies can be significantly more volatile than currencies of more developed markets. Emerging markets currencies are highly exposed to the risk of a currency crisis happening in the future and this could trigger the need for the Determination Agent (as specified in the applicable Issue Terms) to make adjustments to the Conditions. Such adjustments may have an adverse effect on the value or the return of the Securities.

*Currency exchange conversions may affect payments on some Securities*

The applicable Issue Terms may provide for (i) payments on a non-U.S. Dollar denominated Security to be made in U.S. Dollars or (ii) payments of cash settlement amounts, final redemption amounts and/or distribution amounts (as applicable) of U.S. Dollar denominated Securities to be made in a currency other than U.S. Dollars. In these cases, Morgan Stanley & Co. International plc, in its capacity as Determination Agent, or such other agent identified in the applicable Issue Terms, will convert the applicable currency into U.S. Dollars or U.S. Dollars into the applicable currency. The investor will bear the costs of the conversion through deductions from those payments.

*Exchange rates may affect the value of a judgment involving Non-U.S. Dollar Securities*

The Securities and any non-contractual obligations arising out of or in connection with the Securities will be governed by, and construed in accordance with, English law. Although an English court has the power to grant

judgment in the currency in which a Security is denominated, it may decline to do so in its discretion. If judgment were granted in a currency other than that in which a Security is denominated, the investor will bear the relevant currency risk.

### **Risk Factors relating to the Relevant Underlying**

#### *Securities are linked to one or more underlyings*

The Issuer may issue Securities with cash settlement amounts and/or distribution amounts (in the case of Certificates and Warrants) or final redemption amounts and/or distribution amounts (in the case of Notes) determined by reference to single securities, single indices, baskets of securities or indices or other factors or assets (each, a "**Relevant Underlying**"). Information on the Relevant Underlying can be obtained from Bloomberg, Reuters and other market information providers. In addition, the Issuer may issue Securities with cash settlement amounts or final redemption amounts, as applicable, and/or distribution amounts payable in one or more currencies which may be different from the settlement currency of the Securities. Potential investors should be aware that:

- (i) **they may lose all or a substantial portion of their investment depending on the performance of each Relevant Underlying;**
- (ii) the market price of such Securities may be very volatile;
- (iii) they may receive no distribution amounts;
- (iv) payment of cash settlement amounts or final redemption amounts (as applicable) and/or distribution amounts may occur at a different time or in a different currency than expected;
- (v) a Relevant Underlying may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;
- (vi) if a Relevant Underlying is applied to Securities in conjunction with a multiplier greater than one or contains some other leverage factor, the effect of changes in the value of the Relevant Underlying on cash settlement amounts or final redemption amounts (as applicable) payable and/or on distribution amounts payable is likely to be magnified;
- (vii) the timing of changes in a Relevant Underlying may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the value of the Relevant Underlying, the greater the effect on yield; and
- (viii) the Securities are subject to adjustment to take into account events in relation to the Relevant Underlying(s) or the Securities. This may lead to adjustments being made to the Securities or in some cases the Securities being terminated early at the Early Termination Amount. The Securities may also be terminated early for tax reasons, for an illegality at the Early Termination Amount or for an inconvertibility event at an inconvertibility early termination amount or, where the Relevant Underlying is an Index, in certain circumstances following an Index Adjustment Event at the Early Termination Amount. The Securities may be subject to further adjustment where a share or a security comprising an index is a share of a "financial institution" (as defined in "*Regulatory Capital Rules: Regulatory Capital, Implementation of Basel III, Capital Adequacy, Transition Provisions, Prompt Corrective Action, Standardized Approach for Risk-weighted Assets, Market Discipline and Disclosure Requirements, Advanced Approaches Risk-Based Capital Rule, and Market Risk Capital Rule*" promulgated by the Office of the Comptroller of the Currency, Treasury, and the Board of Governors of the Federal Reserve System on July 2, 2013 (as may be amended from time to time)). Adjustments to the Securities in such circumstances could adversely affect the value of the Securities, while if the Securities are early terminated Securityholders may receive less than they would have expected to receive if they had held the Securities until the scheduled maturity.

### ***Emerging Markets Risk***

Fluctuations in the trading prices of the Relevant Underlyings will affect the value of the Securities. Changes may result over time from the interaction of many factors directly or indirectly affecting economic and political conditions in the related countries or member nations, including economic and political developments in other countries. **Of particular importance to potential risk are: (i) rates of inflation; (ii) interest rate levels; (iii) balance of payments; and (iv) the extent of governmental surpluses or deficits in the relevant country.** All of these factors are, in turn, sensitive to the monetary, fiscal and trade policies pursued by the related countries, the governments of the related countries and member nations (if any), and other countries important to international trade and finance. **Government intervention could materially and adversely affect the value of the Securities.** Governments may use a variety of techniques, such as intervention by their central bank or imposition of regulatory controls or taxes, to affect the trading of the Relevant Underlyings. Thus, a special risk in purchasing the Securities is that their trading value and amount payable could be affected by the actions of governments, fluctuations in response to other market forces and the movement of currencies across borders. The Relevant Underlyings are all emerging markets stocks that may be more volatile than the stocks in more developed markets and they may be correlated, i.e. the prices of all Relevant Underlyings may rapidly decrease at the same time and this would materially affect the value of the Securities.

### ***Fluctuations in value of a component of the Relevant Underlying***

Fluctuations in the value of any one component of the Relevant Underlying may, where applicable, be offset or intensified by fluctuations in the value of other components, which could adversely affect the value of the Securities, the return on the Securities and the price at which the Securityholder can sell such Securities.

### ***Reform of LIBOR and EURIBOR and Other Interest Rate Index and Equity, Commodity and Foreign Exchange Rate Index “Benchmarks”***

The London Interbank Offered Rate (“**LIBOR**”), the Euro Interbank Offered Rate (“**EURIBOR**”) and other indices which are deemed “benchmarks” are the subject of recent national, international and other regulatory guidance and proposals for reform. Some of these reforms are already effective while others are still to be implemented. These reforms may cause such “benchmarks” to perform differently than in the past, or to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Securities linked to a “benchmark.”

Any of the international, national or other proposals for reform or the general increased regulatory scrutiny of “benchmarks” could increase the costs and risks of administering or otherwise participating in the setting of a “benchmark” and complying with any such regulations or requirements. Such factors may have the effect of discouraging market participants from continuing to administer or participate in certain “benchmarks,” trigger changes in the rules or methodologies used in certain “benchmarks” or lead to the disappearance of certain “benchmarks”. The disappearance of a “benchmark” or changes in the manner of administration of a “benchmark” could have materially adverse consequences in relation to securities linked to such “benchmark”. Any such consequence could have a material adverse effect on the value of and return on any such Securities.

### ***Historical value of the Relevant Underlying***

The historical value (if any) of the Relevant Underlying or the components of the Relevant Underlying does not indicate their future performance. Holders of the Securities should be aware that the Relevant Underlying or the components of the Relevant Underlying may perform differently than they have historically, which could adversely affect the value of the Securities, the return on the Securities and the price at which the holders can sell such Securities.

### ***Investors have no shareholder rights – Investment in the Securities is not the same as an investment in the Relevant Underlying***

As an owner of Securities, investors shall be aware that they will not have voting rights or rights to receive dividends, interest or other distributions, as applicable, or any other rights with respect to any underlying share or index. The Securities do not constitute a purchase or other acquisition of any interest in any Relevant Underlying and do not confer any right to acquire from the Issuer (or require the Issuer to transfer or otherwise dispose of) any Relevant Underlying or any interest therein. A Securityholder should be aware that the amount(s) it receives in respect of its Securities linked to a Relevant Underlying may be less than a direct investment in the Relevant Underlying.

### ***Discretionary Determinations***

The Issuer and the Determination Agent have certain discretions under the terms of the Securities following events or circumstances occurring in relation to a Relevant Underlying, including, without limitation, to defer valuations, make adjustments to the terms and conditions of such Securities and/or to redeem, terminate or cancel such Securities other than on the originally designated date of redemption, termination or cancellation. Such discretion is necessary as such events and circumstances may not be foreseen at the Trade Date of the relevant Securities but impact the economic or other terms of the Securities. For example, it may not be reasonably practicable or appropriate for certain valuations to be carried out in relation to the Securities without the exercise of the discretion. Furthermore, such events and circumstances may not be reflected in the pricing of the Securities and/or any arrangements entered into by the Issuer and/or any of its Affiliates to hedge obligations under Securities and, accordingly, without such discretion to adjust the terms of the Securities the Issuer may not have been able to issue the Securities on the terms applicable on the Issue Date or at all. The exercise of such discretion by the Issuer or the Determination Agent could adversely affect the value of the Securities.

### ***Administrator/Benchmark Events***

Where the Relevant Underlying or otherwise any variable by reference to which interest, principal or other amounts payable under the Securities is an Index, the administrator or sponsor (or the Index) may be required to be authorised, registered, recognised, endorsed or otherwise included in an official register in order for the Issuer or the Determination Agent to be permitted to use the Index and perform their respective obligations under the Securities. If the Determination Agent determines that such a requirement applies to the administrator or sponsor (or the Index) but it has not been satisfied then an "Administrator/Benchmark Event" will occur and the Determination Agent or the Issuer may then apply certain fallbacks. These fallbacks may include one or more of the Determination Agent replacing the Index with any "Alternative Pre-nominated Index" which has been specified in the applicable Issue Terms, making adjustments to the amounts payable by the Issuer under the Securities, adjusting the other terms and conditions of the Securities or the Issuer terminating the Securities. Holders of the Securities should be aware that such adjustments to the terms of the Securities or early termination of the Securities may adversely impact the return on and value of the Securities.

### ***Risks relating to Securities where the Share Issuer is incorporated under the laws of the Kingdom of Saudi Arabia ("KSA Securities")***

Where the Share Issuer (as defined in the applicable Issue Terms) is incorporated under the laws of the Kingdom of Saudi Arabia ("KSA"), and subject to KSA laws, in particular, the KSA Capital Market Law ("CML"), and the regulations enacted thereunder, and is regulated by the KSA Capital Markets Authority ("CMA"), Securityholders should be aware that the regulatory practices of the CMA may not necessarily be similar to the regulatory practices in other jurisdictions. In particular, given the lack of formal system of official reporting and/or official interpretation, and the absence of a system of binding precedent in the KSA, prospective investors or investors should note that the Share Issuer may discharge its obligations, and the CMA may exercise its authority in respect of the Share Issuer in a manner that may impact the value of the KSA Securities. In the case of KSA Securities, investors are deemed to indemnify the Issuer against certain taxes of the KSA. If the Issuer seeks to enforce such provision this may mean investors are required to pay to the Issuer more than the value of their investment in the Securities.



No Share Issuer in KSA will have participated in the preparation of the applicable Issue Terms or in establishing the terms of the relevant KSA Securities and none of the Issuer or the Guarantor will make any investigation or enquiry in connection with such offering with respect to any information concerning any such Share Issuer contained in such Issue Terms or in the documents from which such information was extracted. Neither the Issuer nor the Guarantor controls any Share Issuer or is responsible for any disclosure made by any Share Issuer of the relevant KSA Securities. Consequently, there can be no assurance that all events occurring prior to the relevant issue date (including events that would affect the adequacy, accuracy or completeness of the publicly available information described in this paragraph or in any applicable Issue Terms) that would affect the trading price of the relevant KSA Securities will have been publicly disclosed. Subsequent disclosure of any such events or the disclosure of or failure to disclose material future events concerning such a Share Issuer could affect the trading price of the KSA Securities and therefore the trading price or amounts paid or delivered for the KSA Securities.

## DISCLAIMERS

**The Issuer and the Guarantor disclaim any responsibility to advise prospective purchasers of any matters arising under the laws of the country in which they reside that may affect the purchase of, or holding of, or the receipt of payments on the Securities. These persons should consult their own legal and financial advisors concerning these matters. Each investor should carefully consider whether the Securities, as described herein and in the applicable Issue Terms, are suited to its particular circumstances before deciding to purchase any Securities.**

### General Disclaimers

#### *Credit ratings may not reflect all risks*

One or more independent credit rating agencies may assign credit ratings to the Securities. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Securities. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in the certain circumstances whilst the registration application is pending. Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). The list of registered and certified rating agencies published by ESMA on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list. Certain information with respect to the credit rating agencies and ratings is set out on pages (iii) to (iv) of this Base Prospectus and further information, where relevant, may be disclosed in the Issue Terms.

#### *Change of law*

The Conditions are based on English law in effect as at the date of this Base Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice in England after the date of this Base Prospectus.

#### *Investor suitability*

An investment in the Securities is only suitable for investors who:

- (a) have the requisite knowledge and experience in financial and business matters to evaluate the merits and risks of an investment in the Securities issued by the Issuer; and
- (b) are capable of bearing the economic risk of investment in Securities issued by the Issuer until exercise, maturity or termination (as applicable) of the Securities.

#### *Reliance on Euroclear, Clearstream, Luxembourg and DTC*

Because the Unrestricted Global Securities (as defined below) may be held by or on behalf of Euroclear Bank S.A./N.V. ("**Euroclear**") and Clearstream Banking, *société anonyme* ("**Clearstream, Luxembourg**") and Restricted Global Securities (as defined below) may be registered in the name of a nominee for The Depository Trust Company ("**DTC**") or a common depository acting on behalf of Euroclear or Clearstream, Luxembourg

and/or any other relevant clearing system, investors will have to rely on their procedures for transfer, payment and communication with the Issuer.

Securities issued under the Program which are sold to a person that is not a U.S. person (within the meaning of Regulation S under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") will be represented by interests in a permanent global registered security (each, an "**Unrestricted Global Security**"). Such Unrestricted Global Securities will be registered in the name of a nominee for, and deposited with a common depository on behalf of Euroclear and Clearstream, Luxembourg.

Securities issued under the Program which are sold in reliance on Rule 144A under the Securities Act ("**Rule 144A**"), or pursuant to another exemption from the registration requirements of the Securities Act, to "qualified institutional buyers" ("**QIBs**") within the meaning of Rule 144A who are also "qualified purchasers" ("**QPs**") as defined in Section 2(a)(51) of the U.S. Investment Company Act of 1940, as amended (the "**Investment Company Act**") and the rules thereunder (such persons are hereinafter referred to as "**QIB/QPs**") will be represented by (i) one or more global registered securities (each a "**Restricted Global Security**" and together with any Unrestricted Global Security, the "**Global Securities**"). Such Restricted Global Security will be deposited with a custodian for, and registered in the name of Cede & Co. as nominee for, DTC or a common depository acting on behalf of Euroclear or Clearstream, Luxembourg and/or any other relevant clearing system.

Interests in the Global Securities will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream, Luxembourg or DTC and its direct and indirect participants, including depositories for Euroclear and Clearstream, Luxembourg, as the case may be. Individual Registered Instruments evidencing holdings of Securities will only be available in certain limited circumstances.

While the Securities are represented by one or more Global Securities, the Issuer will discharge its payment obligations under the Securities by making payments to the common depository for Euroclear and Clearstream, Luxembourg or the custodian for DTC, respectively, for distribution to their account holders. This includes any payment relating to a distribution that is payable, in accordance with the terms of the relevant Conditions, to the holder of such Security as at a Distribution Record Date which predates the relevant date for payment. A holder of a beneficial interest in a Global Security must rely on the procedures of Euroclear and Clearstream, Luxembourg or DTC, as the case may be, to receive payments under the relevant Securities and, where relevant in respect of a distribution payment, to determine the identity of the holder of each beneficial interest in the relevant Securities on the relevant Distribution Record Date. Neither the Issuer nor the Guarantor has responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Securities.

Holders of beneficial interests in the Global Securities will not have a direct right to vote in respect of the relevant Securities. Instead, such holders will be permitted to act only to the extent that they are enabled by Euroclear, Clearstream, Luxembourg or DTC to appoint appropriate proxies.

***Securities denominated or payable in a currency other than investor's home currency***

Investors should consult their financial and legal advisors as to any specific risks entailed by an investment in Securities that are denominated or payable in, or the payment of which is linked to the value of, a currency other than the currency of the country in which such investor resides or in which such investor conducts its business, which is referred to as their home currency. Such Securities are not appropriate investments for investors who are not sophisticated in foreign currency transactions.

***Alternative payment method used if payment currency becomes unavailable***

If the applicable currency for any Security is not available because the euro has been substituted for that currency, the Issuer or, if applicable, the Guarantor would make the payments in euro. Some Securities may specify a different form of payment if a non-U.S. payment currency is unavailable to the Issuer or Guarantor, if applicable

**Disclaimers linked with the Relevant Underlying**

*No affiliation with underlying companies*

The issuer of an underlying share or the publisher of an underlying index will not be an affiliate of Morgan Stanley or the Issuer, unless otherwise specified in the applicable Issue Terms. Morgan Stanley or its subsidiaries may presently or from time to time engage in business with any underlying company including entering into loans with, or making equity investments in, the underlying company or its affiliates or subsidiaries or providing investment advisory services to the underlying company including merger and acquisition advisory services. Moreover, neither the Issuer nor the Guarantor has the ability to control or predict the actions of the issuer of the underlying share or index publisher including any actions or reconstitution of index components, of the type that would require the determination agent to adjust the payout to the investor at expiration or maturity. For any issuance of Securities, no issuer of any underlying share or publisher of any underlying index is involved in the offering of such Securities in any way or has any obligation to consider the investor's interest as an owner of the Securities in taking any corporate actions that might affect the value of the Securities. None of the money an investor pays for the Securities will go to the issuer of any underlying shares or publisher of any underlying index for such Securities.

## CONFLICTS OF INTEREST

### *Potential conflicts of interest between the investor and the determination agent*

As Determination Agent for Securities linked to single securities, baskets of securities or indices or other underlying instruments, assets or obligations, Morgan Stanley & Co. International plc ("**MSIP**") will determine the payout to the investor at maturity, exercise or expiration (as applicable). MSIP and other Affiliates may also carry out hedging activities related to the Securities including trading in the underlying shares, indices or other underlying instruments, assets or obligations related to the underlying shares or indices. MSIP and some of Morgan Stanley's other subsidiaries may also trade the applicable underlying shares, indices or other financial instruments related to the underlying shares or indices on a regular basis as part of their general broker-dealer and other businesses. Any of these activities could influence MSIP's potentially subjective determination of adjustments made to any Securities linked to single securities, baskets of securities or indices or other underlying instruments, assets or obligations and any such trading activity could potentially affect the price of the underlying shares, indices or other underlying instruments, assets or obligations and, accordingly, could affect the investor's payout on any Securities.

## WHERE INVESTORS CAN FIND MORE INFORMATION ABOUT MORGAN STANLEY

Morgan Stanley files annual, quarterly and current reports, proxy statements and other information with the U.S. Securities and Exchange Commission (the "SEC"). You may read and copy any document that Morgan Stanley files with the SEC at the SEC's public reference room at 100 F Street, NE, Washington, DC 20549. Please call the SEC at +1-800-SEC-0330 for information on the public reference room. The SEC maintains an internet site that contains annual, quarterly and current reports, proxy and information statements and other information that companies (including Morgan Stanley) file electronically with the SEC. Morgan Stanley's electronic SEC filings are available to the public at the SEC's internet site. Morgan Stanley's internet site is [www.morganstanley.com](http://www.morganstanley.com). You can access Morgan Stanley's Investor Relations webpage at [www.morganstanley.com/about-us-ir](http://www.morganstanley.com/about-us-ir). Morgan Stanley makes available free of charge, on or through its Investor Relations webpage, its proxy statements, Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and any amendments to those reports filed with, or furnished to, the SEC. Morgan Stanley also makes available, through its Investor Relations webpage, via a link to the SEC's internet site, statements of beneficial ownership of Morgan Stanley's equity securities filed by its directors, officers, 10 per cent. or greater shareholders and others under Section 16 of the Exchange Act. Such reports, proxy statements, statements of beneficial ownership and other information shall not form a part of this Base Prospectus unless they have been expressly incorporated herein by way of supplement to this Base Prospectus.

## INCORPORATION BY REFERENCE

The following documents and/or information shall be deemed to be incorporated in, and to form part of, this Base Prospectus, to the extent that, on or before the date of this Base Prospectus, they have been published and approved by or filed with the Central Bank of Ireland or a competent authority:

<b>Document filed</b>	<b>Information incorporated by reference</b>	<b>Page</b>
1. Registration Document of Morgan Stanley, Morgan Stanley & Co. International plc, Morgan Stanley B.V. and Morgan Stanley Finance LLC dated 11 December 2020 (as supplemented from time to time, including, without limitation, by the First Supplement to the Registration Document dated 9 July 2021)	(1) Risk Factors, excluding the paragraphs headed " <i>As a finance subsidiary, MSFL has no independent operations and is expected to have no independent assets</i> ", " <i>There are substantial inter-relationships between MSI plc and other Morgan Stanley Group companies</i> ", " <i>No guarantee</i> " " <i>Powers under the Banking Act 2009</i> " " <i>Bail-in Power</i> " " <i>Other powers</i> " and " <i>Extraordinary public financial support to be used only as a last resort</i> " on pages 18 – 21	3 – 21
	(2) Description of Morgan Stanley	33 – 66
	(3) Description of Morgan Stanley B.V.	75 – 78
	(4) Subsidiaries of Morgan Stanley as of 31 December 2020	82
	(5) Index of Defined Terms	83
<b>Morgan Stanley</b>		
2. Morgan Stanley's Current Report on Form 8-K for the quarterly period ended 30 June 2021	(1) Results of Operations and Financial Condition	Item 2.02 (Page 3)
	(2) Financial Statements and Exhibits	Item 9.01 (Page 3)
	(3) Press release of Morgan Stanley, dated 15 July 2021, containing financial information for the quarter ended 30 June 2021.	Exhibit 99.1 (Pages 5-13)
	(4) Financial Data Supplement of Morgan Stanley for the quarter ended 30 June 2021.	Exhibit 99.2 (Pages 14-32)
3. Morgan Stanley's Quarterly Report on Form 10-Q for the quarterly period ended 31 March 2021	(1) Financial Information	1
	(2) Management's Discussion and Analysis of Financial Condition and Results of Operations	1 – 22
	(3) Quantitative and Qualitative Disclosures about Risk	23 – 31
	(4) Report of Independent Registered Public Accounting Firm	32

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	(6) Consolidated Income Statements (Unaudited)	33
	(7) Consolidated Comprehensive Income Statements (Unaudited)	33
	(8) Consolidated Balance Sheets (Unaudited at 31 March 2021)	34
	(9) Consolidated Statements of Changes in Total Equity (Unaudited)	35
	(10) Consolidated Cash Flow Statements (Unaudited)	36
	(11) Notes to Consolidated Financial Statements (Unaudited)	37 - 65
	(12) Financial Data Supplement (Unaudited)	66
	(13) Glossary of Common Terms and Acronyms	67
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	(15) Legal Proceedings	68
	(16) Unregistered Sales of Equity Securities and Use of Proceeds	68
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2. Morgan Stanley's Proxy Statement dated 1 April 2021	(1) Overview of Voting Items	5 – 11
	(2) Corporate Governance Matters	12 – 43
	(3) Audit Matters	44 – 47
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	(5) Ownership of Our Stock	82 – 85
	(6) Information About the Annual Meeting	93 – 96
3. Morgan Stanley's Annual Report on Form 10-K for the year ended 31 December 2020	(1) Business	1 – 11
	(2) Management's Discussion and Analysis of Financial Condition and Results of Operations	25 – 60
	(3) Quantitative and Qualitative Disclosures about Risk	61 – 78
	(4) Financial Statements and Supplementary Data	79 – 154



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	(6) Consolidated Income Statements	81
	(7) Consolidated Comprehensive Income Statements	82
	(8) Consolidated Balance Sheets	83
	(9) Consolidated Statements of Changes in Total Equity	84
	(10) Consolidated Cash Flow Statements	85
	(11) Notes to Consolidated Financial Statements	86 – 150
	(12) Financial Data Supplement (Unaudited)	151 – 154
	(13) Glossary of Common Terms and Acronyms	155 – 156
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4. MSBV's Report and Financial Statements for the year ended 31 December 2020	(1) Directors' responsibilities statement	12
	(2) Statement of comprehensive income	13
	(3) Statement of changes in equity	14
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5. MSBV's Report and Financial Statements for the year ended 31 December 2019	(1) Directors' responsibilities statement	12
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6. Base Prospectus for the Program dated 7 April 2006	Terms and Conditions of the Notes	113 – 154
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8. Base Prospectus for the Program dated 11 April 2008	Terms and Conditions of the Securities	89 – 132
9. Supplementary Prospectus for the Program dated 4 June 2008	Section 4 (Amendments to the section " <i>Form of Registered Securities</i> ")	3 – 4
10. Base Prospectus for the Program dated 8 April 2009	Terms and Conditions of the Securities	122 – 165
11. Base Prospectus for the Program dated 7 April 2010	Terms and Conditions of the Securities	72 – 115
12. Base Prospectus for the Program dated 18 November 2010	Terms and Conditions of the Securities	74 – 120
13. Base Prospectus for the Program dated 17 November 2011	Terms and Conditions of the Securities	50 – 92
14. Base Prospectus for the Program dated 18 June 2012	Terms and Conditions of the Securities	49 – 91

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15.	Base Prospectus for the Program dated 3 September 2013	Terms and Conditions of the Securities	56 – 100
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17.	Base Prospectus for the Program dated 2 September 2015	Terms and Conditions of the Securities	45 – 92
18.	Base Prospectus for the Program dated 2 September 2016	Terms and Conditions of the Securities	43 – 92
19.	Base Prospectus for the Program dated 18 August 2017	Terms and Conditions of the Securities	44 – 94
20.	Base Prospectus for the Program dated 17 August 2018	Terms and Conditions of the Securities	42 – 87
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22.	Base Prospectus for the Program dated 14 July 2020	Terms and Conditions of the Securities	38 – 85

Any non-incorporated parts of a document referred to herein are either deemed not relevant for an investor or are otherwise covered elsewhere in this Base Prospectus.

Copies of the documents containing the sections incorporated by reference in this Base Prospectus are available as follows:

	<b>Document</b>	<b>Location</b>
1.	Registration Document dated 11 December 2020 (as supplemented from time to time)	<a href="https://sp.morganstanley.com/EU/Download/GeneralDocument?documentID=bf996df4-ce34-49d2-baa1-6d7064217bdd">https://sp.morganstanley.com/EU/Download/GeneralDocument?documentID=bf996df4-ce34-49d2-baa1-6d7064217bdd</a>
2.	First Supplement to the Registration Document dated 9 July 2021	<a href="https://sp.morganstanley.com/EU/Download/GeneralDocument?documentID=9454d804-55f9-4c3f-86e9-25a3f06def2e">https://sp.morganstanley.com/EU/Download/GeneralDocument?documentID=9454d804-55f9-4c3f-86e9-25a3f06def2e</a>
3.	Morgan Stanley's Current Report on Form 8-K for the quarterly period ended 30 June 2021	<a href="https://sp.morganstanley.com/EU/Download/GeneralDocument?documentID=67ebff29-33c3-40f0-a995-6c4908f3da51">https://sp.morganstanley.com/EU/Download/GeneralDocument?documentID=67ebff29-33c3-40f0-a995-6c4908f3da51</a>
4.	Morgan Stanley's Quarterly Report on Form 10-Q for the quarterly period ended 31 March 2021	<a href="https://sp.morganstanley.com/EU/Download/GeneralDocument?documentID=73cfd2f1-6f9d-4a51-bc51-03e214eb20c7">https://sp.morganstanley.com/EU/Download/GeneralDocument?documentID=73cfd2f1-6f9d-4a51-bc51-03e214eb20c7</a>
5.	Morgan Stanley's Proxy Statement dated 1 April 2021	<a href="https://sp.morganstanley.com/EU/Download/GeneralDocument?documentID=664107e1-6bee-48c4-8c15-03a2787f02f7">https://sp.morganstanley.com/EU/Download/GeneralDocument?documentID=664107e1-6bee-48c4-8c15-03a2787f02f7</a>
6.	Morgan Stanley's Annual Report on Form 10-K for the year ended 31 December 2020	<a href="https://sp.morganstanley.com/EU/Download/GeneralDocument?documentID=7923223f-db12-4f29-a833-6a6aac770b16">https://sp.morganstanley.com/EU/Download/GeneralDocument?documentID=7923223f-db12-4f29-a833-6a6aac770b16</a>
7.	MSBV's Report and Financial Statements for the year ended 31 December 2020	<a href="https://sp.morganstanley.com/EU/Download/GeneralDocument?documentID=d810fca8-9355-4eda-a007-64fc89b0a1be">https://sp.morganstanley.com/EU/Download/GeneralDocument?documentID=d810fca8-9355-4eda-a007-64fc89b0a1be</a>
8.	MSBV's Report and Financial Statements for the year ended 31 December 2019	<a href="https://sp.morganstanley.com/EU/Download/GeneralDocument?documentID=8bdb5faa-8890-41b1-9362-e250e7b0c39b">https://sp.morganstanley.com/EU/Download/GeneralDocument?documentID=8bdb5faa-8890-41b1-9362-e250e7b0c39b</a>

Incorporation by Reference

	<b>Document</b>	<b>Location</b>
9.	Base Prospectus for the Program dated 7 April 2006	<a href="http://sp.morganstanley.com/EU/Download/GeneralDocument?documentID=10b150e0-f714-4ffb-ba06-bcfbabc3601">http://sp.morganstanley.com/EU/Download/GeneralDocument?documentID=10b150e0-f714-4ffb-ba06-bcfbabc3601</a>
10.	Base Prospectus for the Program dated 12 April 2007	<a href="http://sp.morganstanley.com/EU/Download/GeneralDocument?documentID=6d8d0bb4-6752-4a1f-a0c0-bb17e296ecaf">http://sp.morganstanley.com/EU/Download/GeneralDocument?documentID=6d8d0bb4-6752-4a1f-a0c0-bb17e296ecaf</a>
11.	Base Prospectus for the Program dated 11 April 2008	<a href="http://sp.morganstanley.com/EU/Download/GeneralDocument?documentID=ece42e65-5852-4e99-b960-4dfa428b7717">http://sp.morganstanley.com/EU/Download/GeneralDocument?documentID=ece42e65-5852-4e99-b960-4dfa428b7717</a>
12.	Supplementary Prospectus for the Program dated 4 June 2008	<a href="http://sp.morganstanley.com/EU/Download/GeneralDocument?documentID=c779f968-cd75-4f49-a81b-27df640b848e">http://sp.morganstanley.com/EU/Download/GeneralDocument?documentID=c779f968-cd75-4f49-a81b-27df640b848e</a>
13.	Base Prospectus for the Program dated 8 April 2009	<a href="http://sp.morganstanley.com/EU/Download/GeneralDocument?documentID=27fd291d-50fc-4521-9a34-1ee5c1838ab8">http://sp.morganstanley.com/EU/Download/GeneralDocument?documentID=27fd291d-50fc-4521-9a34-1ee5c1838ab8</a>
14.	Base Prospectus for the Program dated 7 April 2010	<a href="http://sp.morganstanley.com/EU/Download/GeneralDocument?documentID=a84c74ea-18d3-46d1-b9f0-f5b6190aebf7">http://sp.morganstanley.com/EU/Download/GeneralDocument?documentID=a84c74ea-18d3-46d1-b9f0-f5b6190aebf7</a>
15.	Base Prospectus for the Program dated 18 November 2010	<a href="http://sp.morganstanley.com/EU/Download/GeneralDocument?documentID=c2bffacd-d5af-4616-9297-d6793cfffdd45">http://sp.morganstanley.com/EU/Download/GeneralDocument?documentID=c2bffacd-d5af-4616-9297-d6793cfffdd45</a>
16.	Base Prospectus for the Program dated 17 November 2011	<a href="http://sp.morganstanley.com/EU/Download/GeneralDocument?documentID=446e070b-9a23-4e35-9b88-5f7372a5f00f">http://sp.morganstanley.com/EU/Download/GeneralDocument?documentID=446e070b-9a23-4e35-9b88-5f7372a5f00f</a>
17.	Base Prospectus for the Program dated 18 June 2012	<a href="http://sp.morganstanley.com/EU/Download/GeneralDocument?documentID=3d844838-238b-4dc8-84cd-82b100da080b">http://sp.morganstanley.com/EU/Download/GeneralDocument?documentID=3d844838-238b-4dc8-84cd-82b100da080b</a>
18.	Base Prospectus for the Program dated 3 September 2013	<a href="http://sp.morganstanley.com/EU/Download/GeneralDocument?documentID=cefc6597-2689-41b9-988e-d2defbb55400">http://sp.morganstanley.com/EU/Download/GeneralDocument?documentID=cefc6597-2689-41b9-988e-d2defbb55400</a>
19.	Base Prospectus for the Program dated 3 September 2014	<a href="http://sp.morganstanley.com/EU/Download/GeneralDocument?documentID=779d6112-d944-4c38-b0bb-c219897627c1">http://sp.morganstanley.com/EU/Download/GeneralDocument?documentID=779d6112-d944-4c38-b0bb-c219897627c1</a>
20.	Base Prospectus for the Program dated 2 September 2015	<a href="http://sp.morganstanley.com/EU/Download/GeneralDocument?documentID=9166cd11-5349-4a38-bd4b-bdd16ba98847">http://sp.morganstanley.com/EU/Download/GeneralDocument?documentID=9166cd11-5349-4a38-bd4b-bdd16ba98847</a>
21.	Base Prospectus for the Program dated 2 September 2016	<a href="http://sp.morganstanley.com/EU/Download/GeneralDocument?documentID=3d596862-afc5-436b-a785-6591400c690d">http://sp.morganstanley.com/EU/Download/GeneralDocument?documentID=3d596862-afc5-436b-a785-6591400c690d</a>
22.	Base Prospectus for the Program dated 18 August 2017	<a href="http://sp.morganstanley.com/EU/Download/GeneralDocument?documentID=071d2086-f6dd-4aca-b79c-954dea00479c">http://sp.morganstanley.com/EU/Download/GeneralDocument?documentID=071d2086-f6dd-4aca-b79c-954dea00479c</a>
23.	Base Prospectus for the Program dated 17 August 2018	<a href="http://sp.morganstanley.com/EU/Download/GeneralDocument?documentID=8d4b183a-88d2-45a4-ace1-210951668f2e">http://sp.morganstanley.com/EU/Download/GeneralDocument?documentID=8d4b183a-88d2-45a4-ace1-210951668f2e</a>
24.	Base Prospectus for the Program dated 12 July 2019	<a href="https://sp.morganstanley.com/EU/Download/GeneralDocument?documentID=854c3827-1384-40d2-9051-057f83bc8b92">https://sp.morganstanley.com/EU/Download/GeneralDocument?documentID=854c3827-1384-40d2-9051-057f83bc8b92</a>
25.	Base Prospectus for the Program dated 14 July 2020	<a href="https://sp.morganstanley.com/EU/Download/GeneralDocument?documentID=c9806e8c-783b-4310-8f9b-72188d5e0619">https://sp.morganstanley.com/EU/Download/GeneralDocument?documentID=c9806e8c-783b-4310-8f9b-72188d5e0619</a>

The information contained on any website referred to in this Base Prospectus shall not form part of this Base Prospectus, unless such information has been expressly incorporated herein or is subsequently incorporated herein by way of a supplement to this Base Prospectus.

Any statement contained in this Base Prospectus or any documents incorporated by reference herein, shall be deemed to be modified or superseded for the purpose of this Base Prospectus to the extent that a statement contained in any document subsequently incorporated by reference and in respect of which a supplement to this Base Prospectus is prepared modifies or supersedes such statement.

## Incorporation by Reference

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The information about MSBV and the Guarantor incorporated by reference in this Base Prospectus is considered to be part of this Base Prospectus. Following the publication of this Base Prospectus a supplement may be prepared by the Issuer or the Guarantor and approved by the Central Bank in accordance with Article 23 of the Prospectus Regulation. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Base Prospectus or in a document which is incorporated by reference in this Base Prospectus. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Base Prospectus.

The Issuer and the Guarantor will, at their registered offices and at the specified offices of the Paying Agents and Transfer Agents, make available for inspection in physical or electronic form during normal office hours, free of charge, upon oral or written request, a copy of this Base Prospectus (or any document incorporated by reference in this Base Prospectus and any future filings or financial statements published by the Issuer or Guarantor, as the case may be). Copies of such documents may also be provided by a Paying Agent by email should a specific request be made by a Securityholder to such Paying Agent, provided that such Securityholder provides such Paying Agent with a satisfactory proof of holding with respect to its Securities.

The Issuer and the Guarantor will, in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Base Prospectus which is capable of affecting the assessment of any Securities, prepare a supplement to this Base Prospectus or publish a new Base Prospectus for use in connection with any subsequent issue of Securities.

## TERMS AND CONDITIONS OF THE SECURITIES

*The following is the text of the terms and conditions which, as completed by the applicable Final Terms, will be endorsed on each relevant Security in definitive form issued by Morgan Stanley B.V. under the Program. The applicable Pricing Supplement in relation to any Tranche of Securities may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the following terms and conditions, replace or modify the following terms and conditions for the purpose of such Securities. The applicable Pricing Supplement (or the relevant provisions thereof) will be endorsed on each relevant Security in definitive form issued by Morgan Stanley B.V. under the Program. The terms and conditions applicable to any Security in global form will differ from those terms and conditions which would apply to the Securities were they in definitive form to the extent described under "Summary of Provisions Relating to the Securities while in Global Form" below.*

### 1. INTRODUCTION

- 1.1 *Program:* Morgan Stanley B.V. (the "**Issuer**") maintains a Program (the "**Program**") for the issuance of notes, certificates and warrants which are expressed to be governed by, and construed in accordance with, English law ("**Notes**", "**Certificates**" and "**Warrants**" respectively, and together, the "**Securities**"). The payment obligations of the Issuer in respect of Securities issued by it under the Program are guaranteed by Morgan Stanley ("**Morgan Stanley**" and in its capacity as guarantor, the "**Guarantor**") under the terms of a guarantee dated on or around 20 July 2021 (the "**Guarantee**").
- 1.2 *Issue Terms:* Securities issued under the Program are issued in series (each a "**Series**") and each Series may comprise one or more tranches (each a "**Tranche**") of Securities. Each Tranche is the subject of (a) a set of Final Terms ("**Final Terms**") which completes these terms and conditions (the "**Conditions**") or (b) in the case of Securities which are neither admitted to trading on a regulated market in the European Economic Area ("**EEA**") nor offered in the EEA in circumstances where a prospectus is required to be published under the Prospectus Regulation (an "**Exempt Security**"), a Pricing Supplement (a "**Pricing Supplement**") which may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the Conditions, replace or modify the Conditions for the purposes of those Securities. References in these Conditions to "**Issue Terms**" means either Final Terms or a Pricing Supplement, as applicable. References to the "**applicable Issue Terms**" are, unless otherwise stated, to Part A of the Issue Terms (or the relevant provisions thereof) attached to or endorsed on the Securities. The terms and conditions applicable to any particular Tranche of Securities are the Conditions as amended, modified or replaced, in each case, by the applicable Issue Terms. In the event of any inconsistency between the Conditions and the applicable Issue Terms, the applicable Issue Terms shall prevail.
- 1.3 *Issue and Paying Agency Agreement:* The Securities are the subject of an amended and restated issue and paying agency agreement dated on or around 20 July 2021 (such agreement as from time to time supplemented, modified and/or restated, the "**Issue and Paying Agency Agreement**") between the Issuer, Morgan Stanley, Deutsche Bank AG, London Branch as fiscal agent (the "**Fiscal Agent**", which expression includes any successor fiscal agent, as the case may be, appointed from time to time in connection with the Securities), Deutsche Bank (Luxembourg) S.A. as Luxembourg paying agent (the "**Luxembourg Paying Agent**", which expression includes any successor Luxembourg paying agent, as the case may be, appointed from time to time in connection with the Securities), Deutsche Bank Trust Company Americas as U.S. paying agent, registrar and transfer agent (the "**U.S. Paying Agent**", "**Registrar**" and "**Transfer Agent**", which expression includes any successor U.S. paying agent, registrar or transfer agent, as the case may be, appointed from time to time in connection with the Securities) (the U.S. Paying Agent together with the Fiscal Agent, Luxembourg Paying Agent and any additional paying agents appointed pursuant thereto, the "**Paying Agents**", which expression includes any successor paying agents appointed from time to time in connection with the Securities) and Morgan Stanley & Co. International plc, as determination agent (the "**Determination Agent**", which expression includes any successor determination agents appointed from time to time in connection

with the Securities). The "**relevant Paying Agent**" shall be construed as (i) the Fiscal Agent in respect of Unrestricted Securities that are Notes or (ii) the U.S. Paying Agent in respect of Restricted Securities.

- 1.4 *Deed of Covenant and Deed Poll:* The Securityholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Deed of Covenant (the "**Deed of Covenant**") dated on or around 20 July 2021 and the Deed Poll dated on or around 20 July 2021, each of which is made by the Issuer.
- 1.5 *The Securities:* All subsequent references in the Conditions to "Securities" are to the Securities which are the subject of the applicable Issue Terms. Copies of the applicable Issue Terms are available for inspection by Securityholders during normal business hours at the Specified Office of each of the Paying Agents, the initial Specified Offices of which are set out below, in each case against such proof of Securityholder status as a Paying Agent may require. Copies of the applicable Issue Terms may also be provided by a Paying Agent by email should a specific request be made by a Securityholder to such Paying Agent, provided that such Securityholder provides such Paying Agent with a satisfactory proof of holding with respect to its Securities.
- 1.6 If the Securities are to be admitted to trading on the regulated market or the Global Exchange Market of Euronext Dublin, the applicable Issue Terms will be published on the website of Euronext Dublin (<https://www.euronext.com/en/markets/dublin>).
- 1.7 *Summaries:* Certain provisions of the Conditions are summaries of the Issue and Paying Agency Agreement and are subject to its detailed provisions. The Securityholders (as defined below) are bound by, and are deemed to have notice of, all the provisions of the Issue and Paying Agency Agreement applicable to them.
- 1.8 Copies of the Issue and Paying Agency Agreement, the Deed of Covenant and the Deed Poll are available for inspection by Securityholders during normal business hours at the Specified Offices of each of the Paying Agents, the initial Specified Offices of which are set out below, in each case against such proof of Securityholder status as a Paying Agent may require. Copies of the applicable Issue Terms may also be provided by a Paying Agent by email should a specific request be made by a Securityholder to such Paying Agent, provided that such Securityholder provides such Paying Agent with a satisfactory proof of holding with respect to its Securities.

## 2. INTERPRETATION

- 2.1 *Definitions:* In the Conditions and Issue Terms the following expressions have the following meanings:

"**Additional Disruption Event**" means with respect to a Series of Securities (if specified as applicable in the applicable Issue Terms), a Change in Law, Hedging Disruption, Increased Cost of Hedging or Loss of Stock Borrow;

"**Additional Outperformance**" means the product of the Additional Outperformance Weighting multiplied by the Daily Average Price multiplied by the Additional Outperformance Day Count Fraction;

"**Additional Outperformance Day Count Fraction**" means (i) the actual number of days during the Additional Outperformance Period specified in the applicable Issue Terms or, if none is specified, the actual number of days during the period beginning on and including the Issue Date to but excluding the Final Valuation Date (the "**Additional Outperformance Period**"), (ii) divided by 360;

"**Additional Outperformance Weighting**" has the meaning given to it in the applicable Issue Terms;

"**Administrator/Benchmark Event**" means, in respect of any Securities where a Relevant Underlying in

respect of such Securities is an Index, a determination made by the Determination Agent that any authorisation, registration, recognition, endorsement, equivalence decision, approval or inclusion in any official register in respect of such Index or the administrator or sponsor of such Index has not been, or will not be, obtained or has been, or will be, rejected, refused, suspended or withdrawn by the relevant competent authority or other relevant official body, in each case with the effect that any of the Issuer, the Determination Agent is not, or will not be, permitted under any applicable law or regulation to use such Index to perform its or their respective obligations in respect of such Securities;

**"Administrator/Benchmark Event Date"** means, in respect of any Securities where a Relevant Underlying in respect of such Securities is an Index and an Administrator/Benchmark Event, the date on which the authorisation, registration, recognition, endorsement, equivalence decision, approval or inclusion in any official register is:

- (i) required under any applicable law or regulation; or
- (ii) rejected, refused, suspended or withdrawn, if the applicable law or regulation provides that the such Index is not permitted to be used under such Securities following rejection, refusal, suspension or withdrawal,

provided that, in each case, if such date occurs before the Issue Date, such Administrator/Benchmark Event Date shall be the Issue Date in respect of such Securities;

**"Adjustment Payment"** means, in respect of any Securities, the payment (if any) determined by the Determination Agent as is required in order to reduce or eliminate, to the extent reasonably practicable, any transfer of economic value to or from the Issuer as a result of the replacement of the Index by the Alternative Pre-nominated Index. The Determination Agent may determine that the Adjustment Payment is zero.

**"Affiliate"** means any entity which is (i) an entity controlled, directly or indirectly, by the Issuer, (ii) an entity that controls, directly or indirectly, the Issuer or (iii) an entity directly or indirectly under common control with the Issuer;

**"Alternative Pre-nominated Index"** means, in respect of an Index, the first of the indices, benchmarks or other price sources specified in the applicable Issue Terms as an "Alternative Pre-nominated Index" that is not subject to an Administrator/Benchmark Event or an Index Cancellation or an Index Modification;

**"Averaging Date"** means, in respect of each Valuation Date, each date specified in the applicable Issue Terms, subject to provisions of Condition 9 (*Adjustment Provisions*);

**"Basket"** means:

- (i) in respect of an Index Basket Security, a basket composed of each Index, where applicable, in the relative Weightings specified in the Issue Terms; and
- (ii) in respect of a Share Basket Security, a basket composed of the Shares of each Share Issuer, where applicable, in the relative Weightings of each Share Issuer specified in the Issue Terms;

**"Break Fee"** has the meaning given to it in the applicable Issue Terms;

**"Business Day"** means any day, other than a Saturday or Sunday, (i) on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in each Financial Centre and (ii) for Securities denominated in euro or where TARGET is specified as a Financial Centre in the applicable Issue Terms, that is also a TARGET Settlement Day;



**"Business Day Convention"**, in relation to any particular date, means any of the following as specified in the applicable Issue Terms:

- (i) "Following Business Day Convention" means that if the relevant date is not a Business Day, the relevant date shall be postponed to the first following day that is a Business Day;
- (ii) "Modified Following Business Day Convention" or "Modified Business Day Convention" means that if the relevant date is not a Business Day, the relevant date shall be postponed to the first following day that is a Business Day unless that day falls in the next calendar month in which case that date will be the first preceding day that is a Business Day;
- (iii) "Nearest" means that if the relevant date is not a Business Day, the relevant date shall be the first preceding day that is a Business Day, if the relevant date would otherwise fall on a day other than a Sunday or a Monday, and will be the first following day that is a Business Day, if the relevant date would otherwise fall on a Sunday or a Monday;
- (iv) "Preceding Business Day Convention" means that if the relevant date is not a Business Day, the relevant date shall be brought forward to the first preceding day that is a Business Day; and
- (v) "No Adjustment" means that if the relevant date is not a Business Day, the relevant date shall not be adjusted in accordance with any Business Day Convention;

**"Cash Settlement Amount"** has the meaning given to it in the applicable Issue Terms;

**"Cash Settlement Payment Date"** means (i) the date specified as such in the applicable Issue Terms following Deemed Exercise (if applicable) (and, if specified in the applicable Issue Terms, if later, the date falling the specified number of Business Days after the Valuation Date) and (ii) if specified in the applicable Issue Terms, the date falling the specified number of Business Days after the Valuation Date (in all other cases than (i)), provided that if so specified in the applicable Issue Terms, such date shall be no less than 35 calendar days after the Exercise Date, and in each case if such date is not a Business Day then the next following Business Day;

**"Change in KSA Tax"** means (i) the enactment, promulgation, execution, ratification or adoption of, or any change in or amendment to, any rule, law, regulation or statute (or in the applicability or official interpretation of any rule, law, regulation or statute) by the Government of the Kingdom of Saudi Arabia ("**KSA**") or any Relevant KSA Authority; (ii) the issuance of any order or decree by any Relevant KSA Authority; (iii) any action being taken by a Relevant KSA Authority or any other taxing authority; or (iv) any other act or event at any time relating to any deduction or withholding for or on account of tax, levy, impost, duty, charge, assessment or fee of any nature (including interest, penalties and additions thereto) in relation to (aa) any payment due under the KSA Securities or (bb) the holding, possession, purchase or sale of, or any possession of an interest in or dealing in, or any hedging arrangements relating to or to payments due under the KSA Securities which will (or in the Determination Agent's reasonable opinion is likely to) adversely affect the economic value of the KSA Securities. Zakat is included within the scope of this provision;

**"Change in Law"** means that, on or after the Trade Date (A) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law), or (B) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), the Issuer determines that (X) it has become illegal to hold, acquire or dispose of any relevant Shares, or (Y) it will incur a materially increased cost in performing its obligations with respect to the Securities (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on its tax position);

**"Clearance System"** means such Clearance System specified in the applicable Issue Terms in which Securities of the relevant Series are for the time being held;

**"Clearance System Business Day"** means, in respect of a Clearance System, any day on which such Clearance System is open for the acceptance and execution of settlement instructions;

**"Clearstream, Luxembourg"** means Clearstream Banking, *société anonyme*;

**"Commencement Date"** means the date specified as such in the applicable Issue Terms, or, if such day is not an Exercise Business Day, the next Exercise Business Day;

**"Component"** means, in respect of an Index, any securities comprising such Index;

**"Daily Average Price"** means an amount, as determined by the Determination Agent, equal to the average of the official closing prices of a Share on the Exchange at the Valuation Time on each Scheduled Trading Day during the Additional Outperformance Period which is not a Disrupted Day;

**"Delivery Business Day"** means, in respect of a Security, a day which is a Business Day and, if a Security is represented by a Global Security, a Clearance System Business Day;

**"Determination Agent"** means, in respect of any Series of Securities, Morgan Stanley & Co. International plc or such other determination agent as may be specified in the applicable Issue Terms;

**"Disrupted Day"** means a day on which (i) except with respect to a Multi-exchange Index, any Scheduled Trading Day on which a relevant Exchange or any Related Exchange fails to open for trading during its regular trading session or on which a Market Disruption Event has occurred, or (ii) with respect to any Multi-exchange Index, any Scheduled Trading Day on which (a) the Index Sponsor fails to publish the level of the Index; (b) the Related Exchange fails to open for trading during its regular trading session; or (c) a Market Disruption Event has occurred;

**"Distribution Amount"** means, in relation to a Security and if applicable a Distribution Period, the amount specified in the applicable Issue Terms in respect of that Security if applicable for that Distribution Period;

**"Distribution Commencement Date"** means the Issue Date of the Securities or such other date as may be specified as the Distribution Commencement Date in the applicable Issue Terms;

**"Distribution Payment Date"** means the date or dates specified as such in the applicable Issue Terms;

**"Distribution Period"** means each period beginning on (and including), initially, the Distribution Commencement Date, and thereafter, any Distribution Payment Date and ending on (but excluding) the next Distribution Payment Date;

**"Distribution Record Date"** means the date or dates specified as such in, the applicable Issue Terms;

**"Distribution Valuation Date"** has the meaning given in the applicable Issue Terms, subject to the provisions of Condition 9 (*Adjustment Provisions*) as if it were a Valuation Date;

**"DTC"** means the Depositary Trust Company;

**"Early Closure"** means (i) except with respect to a Multi-exchange Index, the closure on any Exchange Business Day of the relevant Exchange (or, in the case of an Index Security or Index Basket Security, any relevant Exchange(s) relating to securities or other property that comprise(s) 20 per cent. or more of the level of the relevant Index) or any Related Exchange(s) prior to its Scheduled Closing Time unless such earlier closing time is announced by such Exchange(s) or Related Exchange(s) at least one hour prior to the earlier of (a) the actual closing time for the regular trading session on such Exchange(s) or Related Exchange(s) on such Exchange Business Day and (b) the submission deadline for orders to be entered into the Exchange or Related Exchange system for execution at the Valuation Time on such Exchange Business Day and (ii) with respect to any Multi-exchange Index, the closure on any Exchange Business Day of the Exchange in respect of any

Component or the Related Exchange prior to its Scheduled Closing Time unless such earlier closing is announced by such Exchange or Related Exchange (as the case may be) at least one hour prior to the earlier of: (a) the actual closing time for the regular trading session on such Exchange or Related Exchange (as the case may be) on such Exchange Business Day; and (b) the submission deadline for orders to be entered into such Exchange or Related Exchange system for execution at the relevant Valuation Time on such Exchange Business Day;

**"Early Termination Amount"** means, in the case of termination of the Securities, an amount determined by the Determination Agent as representing the fair value of a Security on such day as is selected by the Determination Agent acting in good faith and in a commercially reasonable manner and (where an Event of Default has occurred and is subsisting, will not take into account the creditworthiness of the Issuer and/or the Guarantor) less the cost to the Issuer and/or any Affiliate of, and/or the loss realised by the Issuer and/or any Affiliate on, unwinding any related underlying hedging arrangements, the amount of such cost or loss being as determined by the Determination Agent acting in good faith and in a commercially reasonable manner;

**"EC Treaty"** means the Treaty on the Functioning of the European Union (signed in Rome on 25 March 1957), as amended by the Treaty on European Union (signed in Maastricht on 7 February 1992) and as amended by the Treaty of Amsterdam (signed in Amsterdam on 2 October 1997), as further amended from time to time;

**"Eligible Dividend"** means all declared dividend payments (or any part thereof) (other than any Extraordinary Dividend) in respect of one Share for which the Ex-Dividend Date falls during the Reference Period, and if specified in the applicable Issue Terms, shall include declared dividends in cash only;

**"Euro", "euro", "€" and "EUR"** each means the single currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty on the Functioning of the European Union, as amended;

**"Euroclear"** means Euroclear Bank S.A./N.V.;

**"Event of Default"** has the meaning given to it in Condition 13 (*Events of Default*);

**"Exchange"** means (i) in respect of a Share relating to a Share Security or Share Basket Security or an Index relating to an Index Security or Index Basket Security other than a Multi-exchange Index, each exchange or quotation system specified as such for the relevant Share or Index in the applicable Issue Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in the relevant Share (in the case of a Share Security or Share Basket Security) or the securities comprised in the relevant Index (in the case of an Index Security or Index Basket Security) has temporarily relocated (provided that the Determination Agent has determined that there is comparable liquidity relative to such Share or, as the case may be, the securities comprised in such Index on such temporary substitute exchange or quotation system as on the original Exchange) or, if none is specified, the principal exchange or quotation system for trading in such Share or Index, as determined by the Determination Agent, and (ii) in respect of a Multi-exchange Index, and in respect of each Component, the principal stock exchange on which such Component is principally traded, as determined by the Determination Agent;

**"Exchange Business Day"** means (i) in respect of a Share relating to a Share Security or Share Basket Security or an Index relating to an Index Security or Index Basket Security other than a Multi-exchange Index, any Scheduled Trading Day on which each Exchange and each Related Exchange are open for trading during their respective regular trading sessions, notwithstanding any such Exchange or Related Exchange closing prior to its Scheduled Closing Time or (ii) with respect to an Index Security or Index Basket Security relating to a Multi-exchange Index, any Scheduled Trading Day on which (a) the Index Sponsor publishes the level of the Index and (b) the Related Exchange(s) is open for trading during its regular trading session, notwithstanding that any Exchange or Related Exchange closing prior to its Scheduled Closing Time;

**"Exchange Disruption"** means (i) except with respect to a Multi-exchange Index, any event (other than an Early Closure) that disrupts or impairs (as determined by the Determination Agent acting in good faith and in

a commercially reasonable manner) the ability of market participants in general (a) to effect transactions in, or obtain market values for, the Shares on the Exchange (or, in the case of an Index Security or Index Basket Security, on any relevant Exchange(s) in securities or other property that comprise(s) 20 per cent. or more of the level of the relevant Index), or (b) to effect transactions in, or obtain market values for, futures or options contracts relating to the relevant Share or the relevant Index on any relevant Related Exchange and (ii) with respect to any Multi-exchange Index, any event (other than an Early Closure) that disrupts or impairs (as determined by the Determination Agent) the ability of market participants in general to effect transactions in, or obtain market values for, (a) any Component on the Exchange in respect of such Component; or (b) futures or options contracts relating to the Index on the Related Exchange;

**"Ex-Dividend Date"** means, with respect to a relevant Eligible Dividend or Extraordinary Dividend, the first date on which trading in the Shares on the Exchange is effected without the right to receive the relevant dividend, as determined by the Determination Agent;

**"Exercise Business Day"** means, in relation to the exercise of a Security, any day which is each of (i) a Business Day (ii) if the Security is represented by a Global Security, a Clearance System Business Day for each Clearance System and (iii) if the applicable Issue Terms specify that Exercise Business Day is to include a Scheduled Trading Day and, if applicable, an Exchange Business Day, a day which is a Scheduled Trading Day and, if applicable, an Exchange Business Day;

**"Exercise Date"** means, in respect of any Security, the day on which such Security is deemed to have been exercised in accordance with Condition 6.3 (*Deemed Exercise*), if applicable, or on which an Exercise Notice relating to that Security is delivered in accordance with the provisions of Condition 7 (*Exercise Procedures*);

**"Exercise Notice"** means any notice in the form scheduled to the Issue and Paying Agency Agreement (or such other form as may from time to time be agreed by the Issuer and the relevant Paying Agent) which is delivered by a Securityholder in accordance with Condition 7 (*Exercise Procedures*);

**"Exercise Period"** has the meaning specified in the applicable Issue Terms;

**"Exercise Receipt"** means a receipt issued by a Paying Agent, Fiscal Agent or Transfer Agent to a depositing Securityholder upon deposit of a Security with such Paying Agent, Fiscal Agent or Transfer Agent by any Securityholder wanting to exercise a Security;

**"Expiration Date"** means the date specified as such in the applicable Issue Terms (or, if such date is not an Exercise Business Day, the next following Exercise Business Day);

**"Extraordinary Dividend"** means, an amount per Share, or portion thereof, specified in the applicable Final Terms or if none is specified, the dividend per share, or portion thereof, to be characterised as an extraordinary dividend as determined by the Determination Agent, and if specified in the applicable Issue Terms, shall include declared extraordinary dividends in cash only;

**"Extraordinary Resolution"** has the meaning given in the Issue and Paying Agency Agreement;

**"Final Redemption Amount"** has the meaning given to it in the applicable Issue Terms;

**"Final Valuation Date"** means, unless otherwise specified in the applicable Issue Terms, if one or more Valuation Date is specified in the Final Terms, the last of such Valuation Date(s) to occur;

**"Financial Centre(s)"** means the city or cities specified as such in the applicable Issue Terms and TARGET (if so specified);

**"Global Security"** means any Restricted Global Security or Unrestricted Global Security;

**"Hedging Disruption"** means that the Issuer and/or any Affiliate is unable, after using commercially reasonable efforts, to (i) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) which the Issuer deems necessary to hedge the equity or other price risk of entering into and performing its obligations with respect to the relevant Securities, or (ii) realize, recover or remit the proceeds of any such transaction(s) or asset(s);

**"Hedging Realisation Price"** means, in respect of a Share the volume weighted average of the prices per Share on the Valuation Date or Averaging Date, as the case may be net of any applicable costs or taxes as determined by the Determination Agent which the Issuer or its agent, after using reasonable endeavours, obtains in any actual disposal or realisation of any hedge position entered into by the Issuer or its agent in respect of the Securities;

**"Implementation of Financial Transaction Tax"** means that, on or after the Trade Date of any Securities, due to the adoption of or any change in any applicable law or regulation (including without limitation any law or regulation implementing a system of financial transaction taxes in any jurisdiction, including the European Union relating to any tax, payable in respect of the transfer of, or issue or modification or redemption of, any financial instruments), the Issuer determines (acting in good faith and in a commercially reasonable manner) that either it or any of its Affiliates would incur or has incurred a materially increased amount of tax, transfer tax, duty, stamp duty, stamp duty reserve tax, expense or fee (other than brokerage commissions) to (i) enter into, modify or unwind the Securities or any part thereof, or perform its obligations under such Securities or (ii) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the risk of entering into and performing its obligations with respect to the relevant Securities or (iii) realize, recover or remit the proceeds of any such transaction(s) or asset(s), provided that the Issuer has determined that the nature of the adoption of or any change in law or regulation is such that it is applicable to investors generally when carrying out similar trading or hedging activities in the relevant jurisdiction;

**"Inconvertibility Early Termination Amount"** means either:

- (i) an amount specified as such in the applicable Issue Terms;
- (ii) if "Early Termination Amount" is specified in the Issue Terms, an amount equal to (a), the Early Termination Relevant Currency Amount specified in the Issue Terms, (b) converted from the relevant currency in which it is expressed into the Inconvertibility Specified Currency at an exchange rate (expressed as a number of the relevant currency per one unit of the Inconvertibility Specified Currency) determined by the Determination Agent in its sole and absolute discretion for settlement on or about the relevant Inconvertibility Early Termination Date and (c) less the proportion attributable to that Security of the reasonable cost to and/or the loss realised by the Issuer and/or any Affiliate on unwinding any related hedging arrangements and/or in respect of break funding costs for the Issuer's term financing associated with such early termination of the Securities, in each case as calculated by the Determination Agent in its sole and absolute discretion; or
- (iii) if "Fair market value" is specified in the Issue Terms, in respect of a Security, an amount, in the Inconvertibility Specified Currency, equal to the fair market value of the relevant Security, on such day as is selected by the Determination Agent in its sole and absolute discretion (provided that such day is not more than 15 days before the Inconvertibility Early Termination Date), less the proportion attributable to that Security of the reasonable cost to and/or the loss realised by the Issuer and/or any Affiliate on unwinding any related hedging arrangements and/or in respect of break funding costs for the Issuer's term financing associated with such early termination of the Securities, in each case as calculated by the Determination Agent in its sole and absolute discretion;

An **"Inconvertibility Event"** shall be deemed to have occurred if in the period from (and including) the Trade Date to (and including) the final possible Cash Settlement Payment Date or Maturity Date, as applicable, any event or circumstance occurs that generally makes it, in the sole and absolute discretion of the Determination

Agent, impossible, unlawful or impracticable for the Issuer, the Determination Agent or any of their respective affiliates for any reason beyond their reasonable control:

- (iv) to convert a Relevant Currency into the Inconvertibility Specified Currency or the Inconvertibility Specified Currency into a Relevant Currency (whether directly or through a cross exchange rate) through customary legal channels; or
- (v) to determine the rate of conversion of the Inconvertibility Specified Currency into a Relevant Currency or a Relevant Currency into the Inconvertibility Specified Currency; or
- (vi) to transfer, or make a payment in, or deliver the Relevant Currency from or to or within a Relevant Jurisdiction in any amount the Determination Agent determines is or could be relevant for hedging purposes in connection with the Securities; or
- (vii) to determine a rate at which any Relevant Currency can be lawfully exchanged for U.S. Dollars; or
- (viii) to convert any Relevant Currency into U.S. Dollars; or
- (ix) to exchange or repatriate any funds outside of any Relevant Jurisdiction or any jurisdiction in which any issuer of Shares or securities comprised in an Index is incorporated or with which such Shares or securities are otherwise associated; or
- (x) to hold, purchase, sell or otherwise deal in any Shares or securities comprised in an Index, or any other property in order for the Issuer or any of its Affiliates to perform any hedging arrangements related to the Securities for the purposes of meeting the Issuer's obligations in respect of the Securities;

**"Inconvertibility Specified Currency"** means the currency specified as such in the Issue Terms and, if none is indicated, the Specified Currency;

**"Increased Cost of Hedging"** means that the Issuer and/or its Affiliates would incur a materially increased (as compared with circumstances existing on the Trade Date) amount of tax, duty, expense or fee (other than brokerage commissions) to (i) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the risk of entering into and performing its obligations with respect to the Securities or (ii) realise, recover or remit the proceeds of any such transaction(s) or asset(s) provided that any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Issuer and/or the Guarantor shall not be deemed an Increased Cost of Hedging;

**"Index"** means, in respect of any Index Security or Index Basket Security and subject to Condition 9 (*Adjustment Provisions*), each index specified as such in the applicable Issue Terms;

**"Index Adjustment Event"** means, in respect of an Index, an Administrator/Benchmark Event, an Index Cancellation, an Index Disruption or an Index Modification;

**"Index Basket Securities"** means Securities relating to a basket of Indices;

**"Index Securities"** means Securities relating to a single Index;

**"Index Sponsor"** means, in respect of an Index, the corporation or other entity that (i) is responsible for setting and reviewing the rules and procedures and the methods of calculation and adjustments, if any, related to the relevant Index and (ii) announces (directly or through an agent) the level of the relevant Index on a regular basis during each Scheduled Trading Day;

**"Individual Registered Instrument"** means an individual registered instrument representing a Securityholder's holding of a Security, in or substantially in the form scheduled to the Issue and Paying Agency Agreement;

"**Initial Valuation Date**" has the meaning given to it in the applicable Issue Terms;

"**Investment Company Act**" means the U.S. Investment Company Act of 1940, as amended;

"**Investor Put Notice Period**" means the notice period as specified in the applicable Issue Terms, provided that in no event shall such notice period be less than thirty-five (35) calendar days;

"**Issue Date**" has the meaning given in the applicable Issue Terms;

"**KSA Securities**" means Securities specified as such in the applicable Issue Terms;

"**Latest Exercise Time**" means 10.00 a.m. (i) local time in the place where the Clearance System through which the relevant Security is exercised is located if the Security is represented by a Global Security or 11.00 a.m. Brussels time if an Exercise Notice is delivered by EUCLID or (ii) otherwise in the place of presentation of the Security), unless specified otherwise in the applicable Final Terms;

"**Loss of Stock Borrow**" means that the Issuer and/or any Affiliate is unable, after using commercially reasonable efforts, to borrow (or maintain a borrowing of) Shares with respect to the relevant Securities in an amount and at a rate which the Issuer deems necessary to hedge the risk of entering into and performing its obligations with respect to the Securities;

"**Market Disruption Event**" means:

- (i) in respect of a Share or an Index other than a Multi-exchange Index, the occurrence or existence of (a) a Trading Disruption, (b) an Exchange Disruption, which in either case the Determination Agent determines is material (such determination to be made by the Determination Agent acting in good faith and in a commercially reasonable manner), at any time during the one hour period that ends at the relevant Valuation Time, or (c) an Early Closure.

For the purposes of determining whether a Market Disruption Event in respect of an Index exists at any time, if a Market Disruption Event occurs in respect of a security or other property included in the Index at any time, then the relevant percentage contribution of that security or other property to the level of the Index shall be based on a comparison of (x) the portion of the level of the Index attributable to that security or other property and (y) the overall level of the Index, in each case immediately before the occurrence of such Market Disruption Event; and

- (ii) with respect to any Multi-exchange Index either:
  - (i) (a) the occurrence or existence, in respect of any Component, of (1) a Trading Disruption, (2) an Exchange Disruption, which in either case the Determination Agent determines is material, at any time during the one hour period that ends at the relevant Valuation Time in respect of the Exchange on which such Component is principally traded, OR (3) an Early Closure; and
  - (b) the aggregate of all Components in respect of which a Trading Disruption, an Exchange Disruption or an Early Closure occurs or exists comprises 20 per cent. or more of the level of the Index; or
- (ii) the occurrence or existence, in respect of futures or options contracts relating to the Index, of:
  - (a) a Trading Disruption, (b) an Exchange Disruption, which in either case the Determination Agent determines is material, at any time during the one hour period that ends at the relevant Valuation Time in respect of the Related Exchange; or (c) an Early Closure.

For the purposes of determining whether a Market Disruption Event exists in respect of a Component at any time, if a Market Disruption Event occurs in respect of such Component at that time, then the

relevant percentage contribution of that Component to the level of the Index shall be based on a comparison of (x) the portion of the level of the Index attributable to that Component to (y) the overall level of the Index, in each case using the official opening weightings as published by the Index Sponsor as part of the market "opening data";

**"Maturity Date"** means the date specified as such in the applicable Issue Terms or, if such date is not a Business Day, the next succeeding Business Day;

**"Maximum Exercise Amount"** has the meaning given in the applicable Issue Terms;

**"Merger Date"** means the closing date of a Merger Event or, where a closing date cannot be determined under the local law applicable to such Merger Event, such other date as determined by the Determination Agent;

**"Merger Event"** means, in respect of the Shares, any (i) reclassification or change of such Shares that results in a transfer of or an irrevocable commitment to transfer all of such Shares outstanding to another entity or person, (ii) consolidation, amalgamation, merger or binding share exchange of the Share Issuer with or into another entity or person (other than a consolidation, amalgamation, merger or binding share exchange in which such Share Issuer is the continuing entity and which does not result in a reclassification or change of all such Shares outstanding), (iii) takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100 per cent. of the outstanding Shares of the Share Issuer that results in a transfer of or an irrevocable commitment to transfer all such Shares (other than such Shares owned or controlled by such other entity or person), or (iv) consolidation, amalgamation, merger or binding share exchange of the Share Issuer or its subsidiaries with or into another entity in which the Share Issuer is the continuing entity and which does not result in a reclassification or change of all such Shares outstanding but results in the outstanding Shares (other than Shares owned or controlled by such other entity) immediately prior to such event collectively representing less than 50 per cent. of the outstanding Shares immediately following such event, in each case if the Merger Date is on or before the Valuation Date (as adjusted in accordance with the Conditions);

**"Minimum Exercise Amount"** has the meaning given in the applicable Issue Terms;

**"Multi-exchange Index"** means any Index specified as such in the applicable Issue Terms;

**"Net Yield"** means, in respect of a Share, an amount, as determined by the Determination Agent, equal to:

- (i) the sum of:
  - (a) the product of the Net Yield Weighting in respect of such Share and the aggregate of all Eligible Dividends in respect of such Share; and
  - (b) if "Extraordinary Dividend" is specified to be applicable in the applicable Issue Terms, the product of the Net Yield Weighting in respect of such Share and the aggregate of all Extraordinary Dividends (or any part thereof) in respect of such Share for which the Ex-Dividend Date falls during the Reference Period;
- (ii) less, if "Relevant Deduction" is specified to be applicable in the applicable Issue Terms, the aggregate amount of any Relevant Deductions.

Notwithstanding the above, if (a) the Determination Agent determines that at any time during the Reference Period the price of a Share has fallen to zero, or (b) prior to the Valuation Date the relevant Share Issuer has failed to pay any Eligible Dividend or any Extraordinary Dividend (if applicable) for which the relevant payment date has passed, the Net Yield shall equal zero regardless of the declaration of an Eligible Dividend or an Extraordinary Dividend;

**"Net Yield Weighting"** has the meaning given to it in the applicable Issue Terms;



"**Nominal Amount**" has the meaning given in the applicable Issue Terms;

"**Optional Termination Amount (Call)**" means in respect of any Security to be terminated pursuant to Condition 6.9 (*Termination at the option of the Issuer*), unless otherwise specified in the applicable Issue Terms, an amount equal to a cash amount in the Specified Currency equal to or calculated in the same manner as the Cash Settlement Amount or Final Redemption Amount save that for this purpose, where applicable, the Cash Settlement Amount or Final Redemption Amount shall be calculated as if:

- (vi) the Valuation Date were the fifth Business Day (such date, the "**Optional Termination Valuation Date**") preceding the date specified by the Issuer as the Optional Termination Date (Call) in its notice pursuant to Condition 6.9 (*Termination at the option of the Issuer*) or, if such day is not a Scheduled Trading Day, the immediately following Scheduled Trading Day, subject to adjustment in accordance with Condition 9 (*Adjustment Provisions*); and
- (vii) each of the Reference Period and, if applicable, the Additional Outperformance Period ended on (but excluded) the Optional Termination Valuation Date;

"**Optional Termination Amount (Put)**" means in respect of any Security to be terminated pursuant to Condition 6.11 (*Early termination of Notes at the option of a Securityholder*) unless otherwise specified in the applicable Issue Terms, an amount equal to a cash amount in the Specified Currency calculated in the same manner as the relevant Final Redemption Amount, save that for this purpose the Final Redemption Amount shall be calculated as if:

- (viii) the Valuation Date were the fifth Business Day (such date, the "**Optional Termination Valuation Date**") preceding the date specified by the relevant Securityholder as the Optional Termination Date (Put) in its notice pursuant to Condition 6.11 (*Early termination of Notes at the option of a Securityholder*) or, if such day is not a Scheduled Trading Day, the immediately following Scheduled Trading Day, subject to adjustment in accordance with Condition 9 (*Adjustment Provisions*); and
- (ix) each of the Reference Period and, if applicable, the Additional Outperformance Period ended on (but excluded) the Optional Termination Valuation Date;

"**Optional Termination Date (Call)**" means, unless otherwise specified in the applicable Issue Terms, any date following the Issue Date and prior to the Maturity Date or final Cash Settlement Payment Date selected by the Issuer for the termination of the Securities where it elects to redeem the Securities pursuant to Condition 6.9 (*Termination at the option of the Issuer*) as specified in the notice contemplated therein or, if later, the second Business Day following the Optional Termination Valuation Date;

"**Optional Termination Date (Put)**" means, unless otherwise specified in the applicable Issue Terms, the date following the Issue Date and prior to the Maturity Date or final Cash Settlement Payment Date selected by the Securityholder for the termination of the Securities where it elects to redeem the Securities pursuant to Condition 6.11 (*Early termination of Notes at the option of a Securityholder*) as specified in the relevant Put Notice contemplated therein or, if later, the second Business Day following the Optional Termination Valuation Date;

"**Outperformance**" means, in respect of a Share, an amount, as determined by the Determination Agent, as:

- (i) with respect to Eligible Dividends, the product of the Net Yield and the Outperformance Weighting, in each case, in respect of such Share; and
- (ii) with respect to declared dividends (or part thereof) in respect of such Share for which the Ex-Dividend Date falls outside the Reference Period, zero.

Notwithstanding the above, if (a) the Determination Agent determines that at any time during the Reference Period the price of such Share has fallen to zero, or (b) prior to the Valuation Date the relevant Share Issuer

has failed to pay any Eligible Dividend for which the relevant payment date has passed, the Net Yield shall equal zero regardless of the declaration of an Eligible Dividend;

**"Outperformance Weighting"** has the meaning given to it in the applicable Issue Terms;

**"Participating Member State"** means a Member State of the European Union which adopts the euro as its lawful currency in accordance with the EC Treaty;

**"Payment Business Day"** means a day which is:

- (i) in the case of Securities in definitive form:
  - (a) if the currency of payment is euro, any day which is a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in each Financial Centre; or
  - (b) if the currency of payment is not euro, any day which is a day on which dealings in foreign currencies may be carried on in the principal financial centre of the currency of payment and in each Financial Centre; and
- (ii) in the case of a Security represented by a Global Security, (a) a day on which each Clearance System is open and (b) in the case of payment by transfer to an account, any day which is (1) a day on which dealings in foreign currencies may be carried on in each Financial Centre; and (2) a day on which dealings in foreign currencies may be carried on in the principal financial centre of the currency of payment or if the currency of payment is euro, any day which is a TARGET Settlement Day;

**"Payment Option 3 Outperformance"** means an amount as determined by the Determination Agent equal to:

$$\text{Rate} \times \text{Average Price} \times n/360$$

where:

**"Rate"** means the rate specified as such in the applicable Issue Terms;

**"Average Price"** means the Settlement Value determined on the basis that each Scheduled Trading Day in the Observation Period is an Averaging Date and the relevant consequence in the case of Averaging Date Disruption will be the consequence specified as such in the applicable Issue Terms, being one of Omission, Postponement or Modified Postponement;

**"n"** means the number of calendar days in the Observation Period;

**"Observation Period"** is the period from (and including) the Issue Date to (but excluding) the Scheduled Valuation Date;

**"Person"** means any individual, company, corporation, firm, partnership, joint venture, association, organization, state or agency of a state or other entity, whether or not having separate legal personality;

A **"Potential Adjustment Event"** means:

- (x) a subdivision, consolidation or reclassification of Shares (unless resulting in a Merger Event) or a free distribution or dividend of any such Shares to existing holders whether by way of bonus, capitalisation or similar issue; or
- (xi) a distribution, issue or dividend to existing holders of the Shares of (A) such Shares or (B) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Share Issuer equally or proportionately with such payments to holders of such Shares or (C) share capital or other securities of another issuer acquired or owned (directly or indirectly) by the Share

Issuer as a result of a spin-off or other similar transaction, or (D) any other type of securities, rights or warrants or other assets, in any case for payment (cash or otherwise) at less than the prevailing market price as determined by the Determination Agent; or

- (xii) an Extraordinary Dividend; or
- (xiii) a call by the Share Issuer in respect of the relevant Shares that are not fully paid; or
- (xiv) a repurchase by the Share Issuer or any of its subsidiaries of Shares whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise; or
- (xv) in respect of the Share Issuer, an event that results in any shareholder rights being distributed or becoming separated from shares of common stock or other shares of the capital stock of the Share Issuer pursuant to a shareholder rights plan or arrangement directed against hostile takeovers that provides upon the occurrence of certain events for a distribution of preferred stock, warrants, debt instruments or stock rights at a price below their market value, as determined by the Determination Agent, or
- (xvi) any adjustment effected as a result of any event described in (vi) above; or
- (xvii) any other event that may have a diluting or concentrative effect on the theoretical value of the Shares;

**"Potential Exercise Date"** means each date specified as such in the applicable Issue Terms or, if such day is not an Exercise Business Day, the next Exercise Business Day;

**"Put Notice"** means any notice in the form (for the time being current) available from each Paying Agent or the Fiscal Agent or Transfer Agent (as applicable) which is delivered by a Securityholder in accordance with Condition 6.11 (*Early termination of Notes at the option of a Securityholder*);

**"Put Receipt"** means a receipt issued by a Paying Agent, Fiscal Agent or Transfer Agent (as applicable) to a depositing Securityholder upon deposit of a Note with such Paying Agent, Fiscal Agent or Transfer Agent (as applicable) by any Securityholder wanting to early redeem such Note in accordance with Condition 6.11 (*Early termination of Notes at the option of a Securityholder*);

**"QIB/QP"** means a "qualified institutional buyer" as defined in Rule 144A who is also a "qualified purchaser" as defined in Section 2(a)(51) of the Investment Company Act and the rules thereunder;

**"Record Date"** has the meaning given to it in Condition 8 (*Payments*);

**"Reference Period"** means, in respect of a Security, unless otherwise specified in the applicable Issue Terms, the period from but excluding the Initial Valuation Date to and including the Expiration Date for that Security;

**"Reference Value"** means, unless otherwise specified in the applicable Issue Terms, on any day:

- (xviii) in respect of a Share to which a Share Security or a Share Basket Security relates, save where (iii) below applies, the price per Share determined by the Determination Agent as provided in the applicable Issue Terms as of the Valuation Time on the Valuation Date or Averaging Date, as the case may be, or, if no means for determining the Reference Value are so provided: (a) in respect of any Share for which the Exchange is an auction or "open outcry" exchange that has a price as of the Valuation Time at which any trade can be submitted for execution, the Reference Value shall be the price per Share as of the Valuation Time on the Valuation Date or Averaging Date, as the case may be, as reported in the official real-time price dissemination mechanism for such Exchange; and (b) in respect of any Share for which the Exchange is a dealer exchange or dealer quotation system, the Reference Value shall be the mid-point of the highest bid and lowest ask prices quoted as of the Valuation Time on the Valuation Date or Averaging Date, as the case may be, (or the last such prices

quoted immediately before the Valuation Time) without regard to quotations that "lock" or "cross" the dealer exchange or dealer quotation system;

- (xix) in respect of an Index to which an Index Security or an Index Basket Security relates, the level of such Index determined by the Determination Agent acting in good faith and in a commercially reasonable manner as provided in the applicable Issue Terms as of the Valuation Time on the Valuation Date or Averaging Date, as the case may be, or, if no means for determining the Reference Value are so provided, the level of the Index as of the Valuation Time on the Valuation Date or Averaging Date, as the case may be; and
- (xx) in respect of a Share to which a Share Security or a Share Basket Security relates where "Hedging Realisation Price" is specified to be applicable in the applicable Issue Terms, the relevant Hedging Realisation Price or, if the Determination Agent determines that no Hedging Realisation Price can be determined at the relevant time for any reason other than the occurrence of a Disrupted Day (and such reason may include the absence of hedging activities as described in the definition of "**Hedging Realisation Prices**"), the provision of (i)(a) above shall apply;

"**Register**" has the meaning given to it in Condition 3 (*Form, Title and Transfer*);

"**Regulation S**" means Regulation S under the Securities Act;

"**Regulatory Event**" means that, at any time on or after the Trade Date, as a result of:

- (xxi) the implementation or adoption of, or change in, any applicable law, regulation, interpretation, action or response of a regulatory authority with competent jurisdiction;
- (xxii) the promulgation of, or any interpretation by any court, tribunal, government or regulatory authority with competent jurisdiction (a "**Relevant Authority**") of, any relevant law or regulation (including any action taken by a taxing authority); or
- (xxiii) the public or private statement or action by, or response of, any Relevant Authority or any official or representative of any Relevant Authority acting in an official capacity,

there is a reasonable likelihood of it becoming:

- (a) unlawful, impossible or impracticable, for the Issuer and/or the Guarantor to maintain the Securities and/or to maintain other instruments issued under the Program and/or to perform its obligations under the Securities; and/or
- (b) necessary for the Issuer and/or the Guarantor to obtain a licence, authorisation or other approval for the continuation or maintenance of the business relating to or supporting the Securities or their hedging activities in relation to the Securities;

"**Related Exchange**" means, subject to the proviso below, in respect of a Share relating to a Share Security or Share Basket Security or an Index relating to an Index Security or Index Basket Security, each exchange or quotation system specified as such for such Share or Index in the applicable Issue Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in futures or options contracts relating to such Share or such Index has temporarily relocated (provided that the Determination Agent has determined that there is comparable liquidity relative to the futures or options contracts relating to such Share or such Index on such temporary substitute exchange or quotation system as on the original Related Exchange), provided, however, that where "**All Exchanges**" is specified as the Related Exchange in the applicable Issue Terms, "**Related Exchange**" shall mean each exchange or quotation system where trading has a material effect (as determined by the Determination Agent) on the overall market for futures or options contracts relating to such Share or such Index;

**"Relevant Banking Day"** means a day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in the place where the Specified Office of the Registrar or the Transfer Agent is located;

**"Relevant Currency"** means the currency specified as such in the Issue Terms, and, if none is specified, each currency in which any of the securities comprised in an Index is denominated or traded or settled, or the currency in which any Share is denominated or traded or settled;

**"Relevant Date"** means, in relation to any payment, whichever is the later of (i) the date on which the payment in question first becomes due and (ii) if the full amount payable has not been received in the principal financial centre of the currency of payment by the Fiscal Agent on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Securityholders;

**"Relevant Deduction"** means, in relation to an Eligible Dividend or an Extraordinary Dividend, each amount of applicable costs and/or taxes (including withholding tax if any) which the Determination Agent determines are or would be incurred or suffered by a recipient of such Eligible Dividend or Extraordinary Dividend, in any such jurisdiction as the Determination Agent may determine to be relevant to the Issuer or its agent(s) or Affiliate(s) for hedging purposes in respect of the Securities;

**"Relevant Jurisdiction"** means the jurisdiction specified as such in the Issue Terms;

**"Relevant KSA Authority"** means the Saudi Arabian Zakat, Tax and Customs Authority (previously known as General Authority of Zakat and Tax);

**"Reserved Matter"** means any proposal to change any date fixed for payment of any amount in respect of the Securities, to reduce such amount payable on any date in respect of the Securities, to alter the method of calculating the amount of any payment in respect of the Securities or the date for any such payment, to change the currency of any payment under the Securities or to change the quorum requirements relating to meetings or the majority required to pass an Extraordinary Resolution;

**"Restricted Global Security"** means a Restricted Global Security substantially in the form set out in the Issue and Paying Agency Agreement representing Restricted Securities;

**"Restricted Security"** means a Security offered and sold to QIB/QPs in reliance on Rule 144A, or pursuant to another exemption from the registration requirements of the Securities Act;

**"Right to Redemption"** has the meaning given to it in Condition 23.6 (*Right to redemption in respect of substitutions with non Morgan Stanley group entities*);

**"Right to Redemption Notice"** means a notice which must be delivered to the Fiscal Agent or a Paying Agent or the Euroclear Registrar, as applicable, by any Securityholder wanting to exercise a right to redeem a Security at the option of the Securityholder under Condition 23.6 (*Right to redemption in respect of substitutions with non Morgan Stanley group entities*);

**"Right to Redemption Receipt"** means a receipt issued by the Fiscal Agent or a Paying Agent to a depositing Securityholder upon deposit of a Security, and delivery of a Right to Redemption Notice, with the Fiscal Agent or such Paying Agent by any Securityholder wanting to exercise a right to redeem a Security at the option of the Securityholder pursuant to Condition 23.6 (*Right to redemption in respect of substitutions with non Morgan Stanley group entities*);

**"Rule 144A"** means Rule 144A under the Securities Act;

**"Scheduled Averaging Date"** means any original date that, but for the occurrence of an event causing a Disrupted Day, would have been an Averaging Date;

**"Scheduled Closing Time"** means, in respect of an Exchange or Related Exchange and a Scheduled Trading Day, the scheduled weekday closing time of such Exchange or Related Exchange on such Scheduled Trading Day, without regard to after hours or other trading outside of regular trading session hours;

**"Scheduled Trading Day"** means a day on which (i) each Exchange and each Related Exchange (except for any Exchange or Related Exchange with respect to a Multi-exchange Index) are scheduled to be open for trading for their respective regular trading sessions and (ii) (a) each Index Sponsor with respect to a Multi-exchange Index, is scheduled to publish the level of the relevant Index and (b) each Related Exchange with respect to a Multi-exchange Index is scheduled to be open for trading for its regular trading session;

**"Scheduled Valuation Date"** means any original date that, but for the occurrence of an event causing a Disrupted Day, would have been a Valuation Date;

**"Securities Act"** means the U.S. Securities Act of 1933, as amended;

**"Securityholder"** and (in relation to a Security) **"holder"** means a person in whose name a Security is registered in the Register;

**"Settlement Amount"** means, as appropriate, the Cash Settlement Amount, the Optional Termination Amount (Call), Optional Termination Amount (Put), the Early Termination Amount or the Final Redemption Amount or such other amount in the nature of a settlement or final amount and other than a distribution as may be specified in, or determined in accordance with the provisions of, the applicable Issue Terms;

**"Settlement Cycle"** means the period of Underlying Clearance System Business Days following a trade in the shares underlying such Index or such Shares, as the case may be, on the Exchange in which settlement will customarily occur according to the rules of such Exchange;

**"Settlement Disruption Event"** in relation to a Share means an event beyond the control of the Issuer as a result of which or following which the relevant Underlying Clearance System cannot clear the transfer of such Share or the shares underlying such Index;

**"Settlement Value"** means, unless otherwise specified in the applicable Issue Terms:

- (xxiv) in respect of an Index Security or a Share Security, the arithmetic mean of the Reference Values of the Index or the Share on each Averaging Date;
- (xxv) in respect of an Index Basket Security, the arithmetic mean of the amounts for the Basket determined by the Determination Agent acting in good faith and in a commercially reasonable manner as provided in the applicable Issue Terms as of the relevant Valuation Time(s) on each Averaging Date or, if no means for determining the Settlement Value are so provided, the arithmetic mean of the amounts for the Basket calculated on each Averaging Date as the sum of the Reference Values of each Index comprised in the Basket (weighted or adjusted in relation to each Index as provided in the applicable Issue Terms); and
- (xxvi) in respect of a Share Basket Security, the arithmetic mean of the amounts for the Basket determined by the Determination Agent acting in good faith and in a commercially reasonable manner as provided in the applicable Issue Terms as of the relevant Valuation Time(s) on each Averaging Date or, if no means for determining the Settlement Value is so provided, the arithmetic mean of the amounts for the Basket calculated on each Averaging Date as the sum of the values calculated for the Shares of each Share Issuer as the product of (a) the Reference Value of such Shares and (b) the number of such Shares comprised in the Basket;

**"Share"** means, in respect of any Share Security or Share Basket Security and subject to Condition 9 (*Adjustment Provisions*), a share of the Share Issuer (with a Bloomberg ticker and ISIN, where applicable, as specified in the applicable Issue Terms) and **"Shares"** shall be interpreted accordingly;

"**Share Basket Securities**" means Securities relating to a basket of Shares;

"**Share Issuer**" has the meaning given to it in the applicable Issue Terms subject to adjustment as provided in the Conditions;

"**Share Securities**" means Securities relating to a single Share;

"**Specified Currency**" has the meaning given in the applicable Issue Terms;

"**Specified Office**" has the meaning given in the Issue and Paying Agency Agreement;

"**Spot Rate**" means the currency exchange rate for conversion of the relevant Share or dividend currency into the Specified Currency at such time and date as is specified in the applicable Issue Terms determined by the Determination Agent by reference to such source(s) as it determines appropriate;

"**Strike Value**" means the price, level or amount specified as such in the applicable Issue Terms;

"**Substitution Date**" has the meaning given to it in Condition 23.6 (*Right to redemption in respect of substitutions with non Morgan Stanley group entities*);

"**Substitution Redemption Date**" has the meaning given to it in Condition 23.6 (*Right to redemption in respect of substitutions with non Morgan Stanley group entities*);

"**TARGET Settlement Day**" means any day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System is open;

"**Taxes**" means, in respect of a Security and any relevant exercise or payment in respect of such Security, all applicable stamp tax, stamp duty reserve tax, estate, inheritance, gift, transfer, capital gains, corporation, income, property, withholding, other taxes, duties and charges due by reason of or in connection with or on account of such exercise or payment of such Security;

"**Tender Offer**" means a takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person that results in such entity or person purchasing or otherwise obtaining or having the right to obtain, by conversion or other means, greater than 10 per cent. and less than 100 per cent. of the outstanding voting shares of the Share Issuer, as determined by the Determination Agent, based upon the making of filings with governmental or self-regulatory agencies or such other information as the Determination Agent deems relevant;

"**Tender Offer Date**" means, in respect of a Tender Offer, the date on which voting shares in the amount of the applicable percentage threshold are actually purchased or otherwise obtained (as determined by the Determination Agent);

"**Total Outperformance**" means the sum of (i) the Outperformance and (ii) the Additional Outperformance; provided, however, that if (a) the Determination Agent determines that at any time during the Reference Period the price of a Share has fallen to zero, or (b) prior to the Final Valuation Date the Share Issuer has failed to pay any Eligible Dividend for which the relevant payment date has passed, the Total Outperformance shall equal zero regardless of the declaration of an Eligible Dividend;

"**Trade Date**" means the date specified as such in the applicable Issue Terms;

"**Trading Disruption**" means (i) except with respect to a Multi-exchange Index any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise (a) relating to the Share on the Exchange (or, in the case of an Index Security or Index Basket Security, on any relevant Exchange(s) relating to securities or other property that comprise(s) 20 per cent. or more of the level

of the relevant Index), or (b) in futures or options contracts relating to the Share or the relevant Index on any relevant Related Exchange and (ii) with respect to any Multi-exchange Index, any suspension of or limitation imposed on trading by the Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the Exchange or Related Exchange or otherwise (a) relating to any Component on the Exchange in respect of such Component; or (b) in futures or options contracts relating to the Index on the Related Exchange;

"**transfer date**" shall be the Relevant Banking Day following the day on which the relevant Security shall have been surrendered for transfer in accordance with Condition 3.5.1;

"**U.S.\$**" means United States Dollars;

"**Underlying**" means the Share, the Index, the Basket of Shares or the Basket of Indices specified as such in the applicable Issue Terms;

"**Underlying Clearance System**" means the principal domestic clearance system customarily used for settling trades in the relevant Share or the shares underlying such Index at any relevant time, as determined by the Determination Agent;

"**Underlying Clearance System Business Day**" means any day on which the Underlying Clearance System is (or, but for the occurrence of a Settlement Disruption Event, would have been) open for the acceptance and execution of settlement instructions;

"**Unrestricted Global Security**" means an Unrestricted Global Security substantially in the form set out in the Issue and Paying Agency Agreement representing Unrestricted Securities;

"**Unrestricted Security**" means a Security offered and sold outside the United States to persons that are not U.S. persons (as defined in Regulation S) in reliance on Regulation S;

"**Valuation Date**" means the date specified as such in the applicable Issue Terms (which may be the Exercise Date, the Expiration Date, the date falling a number of Business Days or Scheduled Trading Days after the Exercise Date, or any other date or dates, as specified in the applicable Issue Terms), subject to the provisions of Condition 9 (*Adjustment Provisions*);

"**Valuation Time**" means the time on the relevant Valuation Date or Averaging Date, as the case may be, specified as such in the applicable Issue Terms or, if no such time is specified, the Scheduled Closing Time on the relevant Exchange in relation to each Share or Index to be valued, provided that if the relevant Exchange closes prior to its Scheduled Closing Time and the specified Valuation Time is after the actual closing time for its regular trading session, then the Valuation Time shall be such actual closing time;

"**Weighting**" means, in the case of a Basket and where applicable, the relevant Weighting for an Index or Share specified in the applicable Issue Terms; and

"**Zakat**" means an obligatory payment made annually under Islamic law on certain kinds of property and used for charitable and religious purposes.

## 2.2 *Interpretation:* In the Conditions:

- (i) any reference to distributions shall be deemed to include any Distribution Amount and any interim amount (other than a Settlement Amount) payable pursuant to the Conditions;
- (ii) references to Securities being "outstanding" shall be construed in accordance with the Issue and Paying Agency Agreement; and



- (iii) if an expression is stated in Condition 2.1 (*Definitions*) to have the meaning given in the applicable Issue Terms, but the applicable Issue Terms gives no such meaning or specifies that such expression is "not applicable" then such expression is not applicable to the Securities.

### 3. FORM, TITLE AND TRANSFER

3.1 *Form of Securities:* The Securities will be issued in registered form.

3.2 *Nominal Amount of Securities:* The Securities may be issued with a Nominal Amount specified in the applicable Issue Terms. If a Nominal Amount is so specified:

- (i) the Securities (other than Exempt Securities) shall have a minimum Nominal Amount of at least EUR 1,000 (or its equivalent in the Specified Currency in which such Security is denominated); and
- (ii) Restricted Securities shall have a minimum Nominal Amount or Purchase Price of at least U.S.\$100,000 and Nominal Amounts shall be an integral multiple of U.S.\$1,000.

3.3 *Currency of Securities:* The Securities are in the Specified Currency. Any currency may be so specified, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements.

3.4 *Title and transfer:*

3.4.1 Title to Securities passes by registration in the register which the Issuer shall procure to be kept by the Registrar (the "**Register**"). An Individual Registered Instrument will be issued to each Securityholder in respect of its registered holding. Each Individual Registered Instrument will be numbered serially with an identifying number which will be recorded in the Register.

3.4.2 The holder of any Security will (except as otherwise required by applicable law or regulatory requirement) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest thereof or therein, any writing on the relevant Individual Registered Instrument, or any theft or loss thereof) and no person shall be liable for so treating such Securityholder.

3.5 *Transfer of Securities:*

3.5.1 A Security may, upon the terms and subject to the conditions set forth in the Issue and Paying Agency Agreement and further subject to the provisions of Conditions 3.5.4 to 3.5.6 below, be transferred in whole or in part (provided that, if a Nominal Amount is specified in the applicable Issue Terms, such part is, or is not less than the minimum Nominal Amount specified) only upon the surrender of the relevant Individual Registered Instrument, together with the form of transfer endorsed on it duly completed and executed, at the Specified Office of the Registrar or any Transfer Agent. A new Individual Registered Instrument will be issued to the transferee and, in the case of a transfer of part only of a Security, a new Individual Registered Instrument in respect of the balance not transferred will be issued to the transferor. The Issuer shall have the right to refuse to honour the transfer of any Restricted Securities to a person who is not a QIB/QP. The Issuer shall have the right to refuse to honour the transfer of any Unrestricted Securities to a person who is a U.S. person (as defined in Regulation S) or is in the United States.

3.5.2 An Individual Registered Instrument representing each new Security or Securities to be issued upon the transfer of a Security will, within three Relevant Banking Days of the transfer date or, as the case may be, the exchange date, be available for collection by each relevant Securityholder at the Specified Office of the Registrar or the Transfer Agent (as the case may

be) or, at the option of the Securityholder requesting such exchange or transfer, be mailed (by uninsured post at the risk of the Securityholder(s) entitled thereto) to such address(es) as may be specified by such Securityholder(s). For these purposes, a form of transfer or request for exchange received by the Registrar, the Fiscal Agent or the Transfer Agent (as the case may be) after the Record Date but on or prior to the due date in respect of any payment due in respect of Securities shall be deemed not to be effectively received by the Registrar, the Fiscal Agent or the Transfer Agent (as the case may be) until the day following the due date for such payment.

3.5.3 The issue of new Securities on transfer will be effected without charge by or on behalf of the Issuer, the Fiscal Agent, the Registrar or the Transfer Agent, but upon payment by the applicant of (or the giving by the applicant of such indemnity as the Issuer, the Fiscal Agent, the Registrar or the Transfer Agent may require in respect of) any tax, duty or other governmental charges which may be imposed in relation thereto.

3.5.4 If the Issuer or an Affiliate acquires a beneficial interest in a Security represented by a Restricted Global Security or Unrestricted Global Security, it shall receive such interest in the form of an Individual Registered Instrument. Following any subsequent transfer by the Issuer or such Affiliate of any Individual Registered Instrument:

(i) if such transfer is made to a non-U.S. person in an offshore transaction in accordance with Regulation S, the transferee shall receive an interest in the relevant Unrestricted Global Security; or

(ii) if such transfer is made to a QIB/QP pursuant to Rule 144A, or another exemption from the registration requirements of the Securities Act, the transferee shall receive an interest in the relevant Restricted Global Security.

3.5.5 So far as permitted by applicable law, regulations and any stock exchange requirements by which the Issuer is bound, the Issuer has covenanted and agreed in the Issue and Paying Agency Agreement to give to the Fiscal Agent such information as it requires for the performance of its functions and, without prejudice to the foregoing, for so long as any Securities remain outstanding has covenanted and agreed that it shall, during any period in which it is not subject to the reporting requirements of Section 13 or 15(d) under the U.S. Securities Exchange Act of 1934, as amended, nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder, furnish, upon request, to any Securityholder and any beneficial owner of such Restricted Securities, and to any prospective purchaser of such Restricted Securities designated by such Securityholder or beneficial owner in connection with resale of a beneficial interest in such Securities, the information specified in, and meeting the requirements of, Rule 144A(d)(4) under the Securities Act.

3.5.6 No Securityholder may require the transfer of a Security to be registered during the period of 15 calendar days ending on the due date for the payment of any amount in respect of such Security.

#### 4. STATUS

4.1 *Status of the Securities:* The Securities constitute direct and general obligations of the Issuer which rank *pari passu* among themselves.

4.2 *Status of the Guarantee:* The Guarantor's obligations in respect of the Securities (other than Securities the Issue Terms relating to which specifies that such Securities are not guaranteed by Morgan Stanley) constitute direct, general and unsecured obligations of the Guarantor and rank without preference among themselves and *pari passu* with all other outstanding unsecured and unsubordinated obligations

of the Guarantor, present and future, but, in the event of insolvency, only to the extent permitted by laws affecting creditors' rights.

## 5. DISTRIBUTION PROVISIONS

- 5.1 *Application:* This Condition 5 (*Distribution Provisions*) is applicable to the Securities only if the Distribution Provisions are specified in the applicable Issue Terms as being applicable.
- 5.2 *Distribution Amount:* A Distribution Amount shall be payable in respect of each Security on each Distribution Payment Date, subject as provided in Condition 8 (*Payments*) and this Condition 5.2. The Distribution Amount(s) shall equal such amount(s) or be calculated in such manner as is specified in the applicable Issue Terms less any amount in respect of Taxes. The payment of Distribution Amounts in respect of each Security shall be subject to any other terms specified in the applicable Issue Terms, including any Distribution Record Date which may apply in respect of any payment.
- 5.3 *Share Issuer Shortfall:* If a Distribution Amount is paid to the Securityholders and is calculated by reference to dividends or distributions under Shares and the relevant Share Issuer fails to pay the relevant dividend or distribution in full (the extent of any shortfall, the "**Relevant Proportion**") then the Issuer may deduct an amount or amounts in aggregate equal to the Relevant Proportion of any such Distribution Amount from one or more subsequent payments under a Security even though such deduction(s) may mean no subsequent amounts are payable under the Securities.
- 5.4 *Maximum or Minimum Distribution Amount:* If any Maximum Distribution Amount or Minimum Distribution Amount is specified in the applicable Issue Terms, then the Distribution Amount shall in no event be greater than the Maximum Distribution Amount or be less than the Minimum Distribution Amount so specified.
- 5.5 *Determination:* The Determination Agent will determine the Distribution Amount and any other amount in respect thereof at or as soon as reasonably practicable after the relevant time or times in respect of which any such amount is to be determined.
- 5.6 *Publication:* The Determination Agent will cause each Distribution Amount determined by it, together with the relevant Distribution Payment Date, Distribution Record Date (if applicable), and any other amount(s) required to be determined by it together with any relevant payment date(s) to be notified to the relevant Paying Agent and, if the relevant Paying Agent is not the Fiscal Agent, the Fiscal Agent and each listing authority and/or stock exchange (if any) on which the Securities have been admitted to listing, trading and/or quotation as soon as practicable after such determination. The Determination Agent will be entitled to recalculate any Distribution Amount (on the basis of the foregoing provisions) without notice in the event of an extension or shortening of any relevant Distribution Period.
- 5.7 *Accrual:* Distribution Amounts will be deemed only to have accrued as of the due date for payment.
- 5.8 *Determination Agent:* All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the Condition by the Determination Agent will (in the absence of manifest error) be binding on the Issuer, the Paying Agents, the Registrar and the Transfer Agents, as the case may be, and the Securityholders and (subject as aforesaid) no liability to any such Person will attach to the Determination Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

## 6. EXERCISE RIGHTS, TERMINATION AND CANCELLATION

- 6.1 *Exercise Style:*
- 6.1.1 *American Style Securities:* If the Warrants or Certificates are specified in the applicable Issue Terms as being "American Style Securities", then this Condition 6.1.1 is applicable and the

Securities are exercisable not later than the Latest Exercise Time on any Exercise Business Day during the Exercise Period, subject to Condition 6.4 (*Securities void on expiry*) and to prior termination of the Securities as provided in the Conditions.

6.1.2 *European Style Securities*: If the Warrants or Certificates are specified in the applicable Issue Terms as being "European Style Securities", then this Condition 6.1.2 is applicable and the Warrants or Certificates are exercisable only at the Latest Exercise Time on the Expiration Date, subject to Condition 6.4 (*Securities void on expiry*) and to prior termination of the Warrants or Certificates as provided in the Conditions.

6.1.3 *Bermudan Style*: If the Warrants or Certificates are specified in the applicable Issue Terms as being "Bermudan Style Securities", then this Condition 6.1.3 is applicable and the Securities are exercisable only at the Latest Exercise Time on each Potential Exercise Date, subject to Condition 6.4 (*Securities void on expiry*) and to prior termination of the Securities as provided in the Conditions.

6.2 *Cash Settlement upon Exercise*: Upon exercise each Warrant or Certificate entitles the Securityholder to receive from the Issuer, on the Cash Settlement Payment Date, the Cash Settlement Amount (less any amount in respect of Taxes and, if so specified in the Issue Terms, Break Fees (if any)). The Cash Settlement Amount will be rounded down to the nearest minimum unit of the Specified Currency, with Securities exercised at the same time by the same Securityholder being aggregated for the purpose of determining the aggregate Cash Settlement Amounts payable in respect of such Securities.

6.3 *Deemed Exercise*: If "**Deemed Exercise**" is specified in the applicable Issue Terms to be applicable in relation to a Series of Warrants or Certificates, where an Exercise Notice has not been duly completed and delivered by the Latest Exercise Time on the Expiration Date in respect of any Warrant or Certificate of such Series and provided that the Determination Agent determines that such Warrant and Certificate is In-The-Money (as defined below), each such Warrant or Certificate shall be deemed to have been exercised at that time on such date and/or upon such other terms as may be specified in the applicable Issue Terms, subject in each case to prior termination as provided for in the Conditions. The expressions "**exercise**", "**due exercise**" and related expressions shall be construed to apply to any Warrant or Certificate which are automatically exercised in accordance with this provision.

Notwithstanding such deemed exercise, the Issuer shall be under no obligation to pay any Cash Settlement Amount in respect of any such Warrant or Certificate until the relevant Securityholder has delivered an Exercise Notice in the prescribed form in accordance with Condition 7.2 (*Form of Exercise Notice*), provided that where the Securityholder has not delivered an Exercise Notice together with its Warrants or Certificates in the manner described in Condition 7 (*Exercise Procedures*) within 30 Delivery Business Days of the day on which such Securities were deemed to have been exercised, such Warrant or Certificate shall become void for all purposes.

For the purposes of this paragraph. "**In-The-Money**" means in the determination of the Determination Agent the Cash Settlement Amount in respect of the relevant Warrant or Certificate, as the case may be, is or may be greater than zero.

6.4 *Securities void on expiry*: Subject to Condition 6.3 (*Deemed Exercise*) above, Securities with respect to which an Exercise Notice together with the relevant Security has not been duly completed and delivered in the manner set out in Condition 7 (*Exercise Procedures*), at or before the Latest Exercise Time or the Expiration Date or last occurring Potential Exercise Date shall become void for all purposes and shall cease to be transferable.

6.5 *Minimum Number of Securities Exercisable*: In the case only of American Style Warrants or Bermudan Style Warrants, the Warrants or Certificates are exercisable only in at least the Minimum Exercise Number and, if a "Permitted Multiple" is specified in the applicable Issue Terms, in integral multiples of the Permitted Multiple on any particular occasion.

- 6.6 *Redemption at maturity:* Unless previously redeemed or purchased and cancelled as specified below, each Note will be redeemed by the Issuer at its Final Redemption Amount specified in the applicable Issue Terms in the relevant Specified Currency on the Maturity Date.
- 6.7 *Tax Termination:* A Series of Securities may be terminated in whole (but not in part), at the option of the Issuer at any time prior to the last occurring Cash Settlement Payment Date or Maturity Date, upon the giving of a notice of termination to Securityholders as described below, if the Issuer determines that, as a result of:
- 6.7.1 any change in or amendment to the laws, or any regulations or rulings promulgated under the laws of The Netherlands or the United States or of any political subdivision or taxing authority of or in The Netherlands or the United States affecting taxation, or
- 6.7.2 any change in official position regarding the application or interpretation of the laws, regulations or rulings referred to above,
- which change or amendment becomes effective on or after the Trade Date in connection with the issuance of the Securities or any other date specified in the applicable Issue Terms, the Issuer or the Guarantor is or will become required by law to make any withholding or deduction with respect to the Securities, as described in Condition 12 (*Taxation*). The termination price payable in respect of each Security will be equal to the Early Termination Amount unless otherwise specified in the applicable Issue Terms. The Issuer will give notice of any tax termination.
- 6.8 Notice of termination pursuant to Condition 6.7 (*Tax Termination*) will be given not less than the minimum period nor more than maximum period of notice specified in the applicable Issue Terms prior to the date fixed for termination. The date of termination and the applicable termination amount will be specified in the notice
- 6.9 *Termination at the option of the Issuer:* If the Issuer's Call Option is specified in the applicable Issue Terms as being applicable, a Series of Securities may be terminated at the option of the Issuer in whole only and not in part on any Optional Termination Date (Call) at the relevant Optional Termination Amount (Call) plus any Break Fee, if applicable on the Issuer's giving not less than such number of calendar days' notice specified as the Issuer Call Notice Period in the applicable Issue Terms (provided that in no event shall such notice period be less than 35 calendar days) to the Securityholders (which notice shall be irrevocable) and shall oblige the Issuer to terminate the Securities on the relevant Optional Termination Date (Call) by paying the Optional Termination Amount (Call) plus any Break Fee, if applicable, in respect of each Security.
- 6.10 *Compliance with securities laws:* If any holder of any Restricted Security is determined not to be a QIB/QP, the Issuer shall have the right to (i) force such holder to sell its interest in such Security, or sell such interest on behalf of such holder, to (A) a QIB/QP pursuant to Rule 144A or (B) in an offshore transaction in accordance with Regulation S to a non-U.S. person who, following such transaction, receives a beneficial interest in the relevant Unrestricted Global Security or (ii) terminate and cancel such Security. If any holder of any Unrestricted Security is determined to be a U.S. person (as defined in Regulation S), the Issuer shall have the right to force such holder to sell its interest in such Security, or sell such interest on behalf of such holder, to (A) a person who is not a U.S. person (as defined in Regulation S) or (B) pursuant to Rule 144A to a QIB/QP who, following such transaction, receives a beneficial interest in the relevant Restricted Global Security or (ii) terminate and cancel such Security. In the case of any termination and cancellation of a Security as described above no amount shall be payable to the relevant Securityholder and the Issuer shall have no further obligations in respect of the Security.
- 6.11 *Early termination of Notes at the option of a Securityholder:*

This Condition 6.11 applies to Notes which are subject to termination prior to the Maturity Date at the option of the Securityholder, such option being referred to as an "**Investor Put Option**".

- 6.11.1 Unless previously redeemed or terminated or purchased and cancelled and only where Investor Put Option is specified as applicable in the applicable Issue Terms, Notes may be early redeemed by a Securityholder (at his own expense) on any day following the Issue Date (i) by depositing the relevant definitive Individual Registered Instrument with and delivering a duly completed and signed Put Notice to the relevant Paying Agent or, in the case of a Security, the Fiscal Agent or any Transfer Agent and (ii) delivering a copy of such Put Notice to the Determination Agent and the Issuer irrevocably designating Optional Termination Date (Put), provided that such Optional Termination Date (Put) shall be a date falling at least a number of Business Days as specified in the applicable Issue Terms following the date the Put Notice was given to the Issuer (which in all cases shall not be less than 35 calendar days).
- 6.11.2 Each Put Notice shall be in the form (for the time being current) available from each Paying Agent or the Fiscal Agent or Transfer Agent, and must:
- (i) specify the name, address, telephone and facsimile details of the Securityholder in respect of the Notes being early redeemed;
  - (ii) in the case of Notes, the Nominal Amount or number of such Notes of the relevant Series being early redeemed by the Securityholder;
  - (iii) specify the Optional Termination Date (Put) in respect of which the Put Notice is delivered. Such Optional Termination Date (Put) must be due to fall after the expiry of the relevant Investor Put Notice Period and prior to the Maturity Date;
  - (iv) specify a bank account (or, if payment is required to be made by cheque, an address) to which any payment due in respect of this Condition 6.11 is to be made;
  - (v) include an irrevocable undertaking to pay any (a) applicable Taxes due by reason of early redemption of the relevant Notes, and (b) any Break Fee, if applicable, and an authority to the Issuer to deduct an amount in respect thereof from any Optional Termination Amount (Put) due to such Securityholder or otherwise (on, or at any time after, the Optional Termination Date (Put));
  - (vi) in the case of Notes other than Restricted Securities, give a certification as to the non-U.S. beneficial ownership of the Notes being early redeemed therewith; and
  - (vii) authorise the production of such certification in any applicable administrative or legal proceedings.

The exercise by a Securityholder of the Investor Put Option will be subject to any further conditions as set out in the applicable Issue Terms (including, but not limited to, a restriction as to the dates which a Securityholder may designate as the relevant Optional Termination Date (Put) in the relevant Put Notice). Any Put Notice delivered in breach of requirements as set out in this Condition 6.11 or such further conditions as set out in the applicable Issue Terms will be invalid and will have no effect.

- 6.11.3 The Paying Agent, Fiscal Agent or Transfer Agent with which a definitive Individual Registered Instrument is so deposited shall deliver a duly completed Put Receipt to the depositing Securityholder.
- 6.11.4 Subject to the terms of Condition 6.11.5 below, any Notes that are the subject of a valid Put Notice, will be redeemed on the relevant Optional Termination Date (Put) at an amount equal

to the relevant Optional Termination Amount (Put) plus any due but unpaid Distribution Amounts (where applicable) less any applicable Break Fees.

6.11.5 No definitive Individual Registered Instrument once deposited with a duly completed Put Notice in accordance with this Condition 6, may be withdrawn; provided, however, that if, prior to the relevant due date for termination, any such Security becomes subject to termination pursuant to Condition 6.7 (*Tax Termination*), 6.10 (*Compliance with securities laws*) or 14 (*Illegality and regulatory event*) or, following due presentation of any such definitive Individual Registered Instrument, payment of the moneys falling due is improperly withheld or refused by the Issuer, the relevant Paying Agent or the Fiscal Agent or Transfer Agent, as the case may be, shall mail notification thereof to the depositing Securityholder at such address as may have been given by such Securityholder in the relevant Put Notice and shall hold such definitive Individual Registered Instrument at its Specified Office for collection by the depositing Securityholder against surrender of the relevant Put Receipt.

6.11.6 In the case of the redemption of part only of a Security, a new Individual Registered Instrument in respect of the unredeemed balance shall be issued in accordance with Condition 3.5 (*Transfer of Securities*) which shall apply as in the case of a transfer of Securities as if such new Individual Registered Instrument were in respect of the untransferred balance.

6.12 *Purchase:* The Issuer or any of its Affiliates may at any time purchase Securities in the open market or otherwise and at any price.

6.13 *Cancellation:* All Securities which are exercised, redeemed or terminated, and all Securities so purchased by the Issuer or any of its Affiliates may, at the discretion of the Issuer, be cancelled. All Securities so exercised, redeemed or terminated or cancelled, may not be reissued or resold.

## **7. EXERCISE PROCEDURES**

This Condition 7 only applies to Warrants and Certificates.

### *7.1 Exercise Notice:*

7.1.1 Subject to Condition 6.4 (*Securities void on expiry*) and to prior termination of the Securities as provided in the Conditions, Securities may be exercised by a Securityholder (at his own expense) at such time and on such day(s) as provided in Condition 6.1 (*Exercise Style:*) (i) by depositing the relevant definitive Individual Registered Instrument with and delivering a duly completed and signed Exercise Notice to the relevant Paying Agent or, in the case of a Security, the Fiscal Agent or any Transfer Agent and (ii) delivering a copy of such Exercise Notice to the Determination Agent in each case on or prior to the Latest Exercise Time on any relevant Exercise Business Day.

7.1.2 The Paying Agent, Fiscal Agent or Transfer Agent with which a definitive Individual Registered Instrument is so deposited shall deliver a duly completed Exercise Receipt to the depositing Securityholder.

7.1.3 No definitive Individual Registered Instrument once deposited with a duly completed Exercise Notice in accordance with this Condition 7, may be withdrawn; provided, however, that if, prior to the relevant due date for termination, any such Security becomes subject to termination pursuant to Condition 6.7 (*Tax Termination*), 6.10 (*Compliance with securities laws*) or 14 (*Illegality*) or, following due presentation of any such definitive Individual Registered Instrument, payment of the moneys falling due is improperly withheld or refused by the Issuer, the relevant Paying Agent, the Fiscal Agent or the Fiscal Agent or Transfer Agent, as the case may be, shall mail notification thereof to the depositing Securityholder at such address as may have been given by such Securityholder in the relevant Exercise Notice and shall hold such

definitive Individual Registered Instrument at its Specified Office for collection by the depositing Securityholder against surrender of the relevant Exercise Receipt.

7.1.4 In the case of the exercise of part only of a Security, a new Individual Registered Instrument in respect of the unexercised balance shall be issued in accordance with Condition 3.5 (*Transfer of Securities*;) which shall apply as in the case of a transfer of Securities as if such new Individual Registered Instrument were in respect of the untransferred balance.

7.1.5 Subject to Condition 6.3 (*Deemed Exercise*) and 6.4 (*Securities void on expiry*), any Exercise Notice delivered after the Latest Exercise Time on any Exercise Business Day or on a day which is not an Exercise Business Day shall: (a) in the case of Bermudan Style Securities and European Style Securities, be void and (b) in the case of American Style Securities, be deemed to have been delivered on the next following Exercise Business Day which such Securities are exercisable (unless no such day occurs on or prior to the Expiration Date, in which case that Exercise Notice shall be void).

7.2 *Form of Exercise Notice:*

7.2.1 Each Exercise Notice shall be in the form (for the time being current) available from each Paying Agent or the Fiscal Agent or Transfer Agent, and must:

- (i) specify the name, address, telephone and facsimile details of the Securityholder in respect of the Securities being exercised;
- (ii) specify the number of Securities of the relevant Series being exercised by the Securityholder (which must not be less than the Minimum Exercise Number);
- (iii) include an irrevocable undertaking to pay any (a) applicable Taxes due by reason of exercise of the relevant Securities, and (b) any Break Fee, if applicable, and an authority to the Issuer to deduct an amount in respect thereof from any Cash Settlement Amount due to such Securityholder or otherwise (on, or at any time after, the Cash Settlement Payment Date);
- (iv) in the case of Securities other than Restricted Securities, give a certification as to the non-U.S. beneficial ownership of the Securities being exercised therewith; and
- (v) authorise the production of such certification in any applicable administrative or legal proceedings.

7.3 *Verification of Securityholder:*

7.3.1 To exercise Securities, the Securityholder thereof must duly complete an Exercise Notice. The relevant Paying Agent, Fiscal Agent or Transfer Agent shall, in accordance with its normal operating procedures, verify that each person exercising Securities is the Securityholder thereof according to the records of the Registrar.

7.3.2 If, in the determination of the relevant Paying Agent, Fiscal Agent or Transfer Agent:

- (i) the Exercise Notice is not complete or not in proper form;
- (ii) the person submitting an Exercise Notice is not validly entitled to exercise the relevant Securities or not validly entitled to deliver such Exercise Notice; or
- (iii) sufficient funds equal to any applicable Taxes (if any) or any Break Fee (if any) are not available,



that Exercise Notice will be treated as void and a new duly completed Exercise Notice must be submitted if exercise of the Securityholder's Securities is still desired.

7.3.3 Any determination by the relevant Paying Agent, Fiscal Agent or Transfer Agent as to any of the matters set out in Condition 7.3.2 above shall, in the absence of manifest error, be conclusive and binding upon the Issuer, the Securityholder and the legal and beneficial owner(s) of the Securities exercised.

7.4 *Notification to the relevant Agent:* Subject to the verification set out in Condition 7.3.1 above, the relevant Paying Agent, Fiscal Agent or Transfer Agent will:

- (i) confirm to the relevant Paying Agent (copied to the Issuer and the Determination Agent) the number of Securities being exercised; and
- (ii) promptly notify the Registrar of receipt of the Exercise Notice and the number of the Securities to be exercised.

7.5 *Effect of Exercise Notice:*

7.5.1 For so long as any outstanding Security is held by a Paying Agent or the Registrar Fiscal Agent or any Transfer Agent in accordance with this Condition 7, the depositor of such definitive Individual Registered Instrument and not such Paying Agent, Fiscal Agent or Transfer Agent shall be deemed to be the Securityholder for all purposes.

7.5.2 Delivery of an Exercise Notice shall constitute an irrevocable election and undertaking by the Securityholder to exercise the Securities specified therein, provided that, in the case of a Security, the person exercising and delivering such Exercise Notice is the person then appearing in the records of the Registrar as the holder of the relevant Securities. If the person exercising and delivering the Exercise Notice is not the person so appearing, such Exercise Notice shall for all purposes become void and shall be deemed not to have been so delivered.

7.5.3 After the delivery of an Exercise Notice (other than an Exercise Notice which shall become void pursuant to Condition 7.1.2) by a Securityholder, such Securityholder shall not be permitted to transfer either legal or beneficial ownership of the Securities exercised thereby. Notwithstanding this, if any Securityholder does so transfer or attempt to transfer such Securities, the Securityholder will be liable to the Issuer for any losses, costs and expenses suffered or incurred by the Issuer including those suffered or incurred as a consequence of the Issuer having terminated any related hedging operations in reliance on the relevant Exercise Notice and subsequently: (i) entering into replacement hedging operations in respect of such Securities; or (ii) paying any amount on the subsequent exercise of such Securities without having entered into any replacement hedging operations.

## **8. PAYMENTS**

8.1 *Payments in relation to the Securities:*

8.1.1 Payment of the Settlement Amount (together with any accrued Distribution Amounts) due in respect of Securities will be made following presentation and surrender of the relevant Individual Registered Instrument at the specified office of the Fiscal Agent or any Transfer Agent (in the case of a Cash Settlement Amount in accordance with Condition 7). If the due date for payment of the Settlement Amount of any Security is not a Payment Business Day, then the Securityholder thereof will not be entitled to payment thereof until the next day which is a Payment Business Day. No further payment on account of any Settlement Amounts, Distribution Amount, interest or otherwise shall be due in respect of such postponed payment.

- 8.1.2 Payment of amounts due in respect of Securities will be paid to the holder thereof (or, in the case of joint holders, the first named) as appearing in the Register as at opening of business (local time in the place of the specified office of the Registrar) on the Relevant Banking Day before the due date for such payment (the "**Record Date**").
- 8.1.3 Notwithstanding the provisions of Condition 8.2.1 (*General provisions*), payment of amounts due in respect of Securities will be made in the currency in which such amount is due by cheque and posted to the address as recorded in the Register of the holder thereof (or, in the case of joint holders, the first named) on the applicable Record Date), not later than the relevant due date for payment unless prior to the relevant Record Date the holder thereof (or, in the case of joint holders, the first named) has applied to the Fiscal Agent and the Fiscal Agent has acknowledged such application for payment to be made to a designated account denominated in the relevant currency in which case payment shall be made on the relevant due date for payment by transfer to such account. In the case of payment by transfer to an account, if the due date for any such payment is not a Payment Business Day, then the Securityholder thereof will not be entitled to payment thereof until the first day thereafter which is a Payment Business Day and no further payment on account of interest or otherwise shall be due in respect of such postponed payment.

8.2 *General provisions:*

- 8.2.1 *Payments subject to fiscal laws:* All payments in respect of the Securities are subject in all cases to (i) any applicable fiscal or other laws and regulations, and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the Code or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, official interpretations thereof, or any law implementing an intergovernmental approach thereto. No commissions or expenses shall be charged to the Securityholders in respect of such payments.
- 8.2.2 *No Further Distribution after Exercise, Redemption or Termination:* If the applicable Issue Terms specify that the Distribution Provisions are applicable, on the exercise or redemption of any Security, or termination or redemption of such Security pursuant to the Conditions, no Distribution Amount shall be payable in respect thereof.
- 8.2.3 Payments of amounts due will be made in the currency in which such amount is due (A) by cheque (in the case of payment in Japanese Yen to a non-resident of Japan, drawn on an authorised foreign exchange bank) or (B) at the option of the payee, by transfer to an account denominated in the relevant currency specified by the payee (in the case of payment in Japanese Yen to a non-resident of Japan, a non-resident account with an authorised foreign exchange bank specified by the payee).

**9. ADJUSTMENT PROVISIONS**

9.1 *Disruption:*

- 9.1.1 If a Scheduled Valuation Date or a Scheduled Averaging Date is a Disrupted Day, then, subject to Conditions 9.1.2 (*Disrupted Day adjustment for Valuation Dates*) and 9.1.3 (*Disrupted Day adjustment for Averaging Dates*) below, the Valuation Date or Averaging Date shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day.

9.1.2 **Disrupted Day adjustment for Valuation Dates**

- (i) In the case of a Share Security or an Index Security, if the Scheduled Valuation Date and each of the eight Scheduled Trading Days immediately following such date is a Disrupted Day, then (1) the eighth Scheduled Trading Day following the Scheduled

Valuation Date shall be deemed to be the Valuation Date, notwithstanding the fact that it is a Disrupted Day; and (2) the Determination Agent shall determine acting in good faith and in a commercially reasonable manner (a) in respect of an Index Security, the level of the Index as of the Valuation Time on that eighth Scheduled Trading Day in accordance with the formula for and method of calculating the Index last in effect prior to the occurrence of the first Disrupted Day using the Exchange traded or quoted price as of the Valuation Time on that eighth Scheduled Trading Day of each security or other property comprised in the Index (or, if an event giving rise to a Disrupted Day has occurred in respect of the relevant security or other property on that eighth Scheduled Trading Day, its good faith estimate of the value for the relevant security or other property as of the Valuation Time on that eighth Scheduled Trading Day); and (b) in respect of a Share Security, its good faith estimate of the value for the Share as of the Valuation Time on that eighth Scheduled Trading Day.

- (ii) In the case of a Share Basket Security, the Valuation Date for each Share not affected by the occurrence of a Disrupted Day shall be the Scheduled Valuation Date, and the Valuation Date for each Share affected by the occurrence of a Disrupted Day shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day relating to that Share, unless each of the eight Scheduled Trading Days immediately following the Scheduled Valuation Date is a Disrupted Day relating to that Share. In that case, (1) that eighth Scheduled Trading Day shall be deemed to be the Valuation Date for the relevant Share, notwithstanding the fact that such day is a Disrupted Day, and (2) the Determination Agent shall determine acting in good faith and in a commercially reasonable manner its good faith estimate of the value for that Share as of the Valuation Time on that eighth Scheduled Trading Day.
- (iii) In the case of an Index Basket Security, the Valuation Date for each Index not affected by the occurrence of a Disrupted Day shall be the Scheduled Valuation Date, and the Valuation Date for each Index affected by the occurrence of a Disrupted Day shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day relating to that Index, unless each of the eight Scheduled Trading Days immediately following the Scheduled Valuation Date is a Disrupted Day relating to that Index. In that case, (1) that eighth Scheduled Trading Day shall be deemed to be the Valuation Date for the relevant Index, notwithstanding the fact that such day is a Disrupted Day, and (2) the Determination Agent shall determine acting in good faith and in a commercially reasonable manner the level of that Index as of the Valuation Time on that eighth Scheduled Trading Day in accordance with the formula for and method of calculating that Index last in effect prior to the occurrence of the first Disrupted Day using the Exchange traded or quoted price as of the Valuation Time on that eighth Scheduled Trading Day of each security comprised in that Index (or, if an event giving rise to a Disrupted Day has occurred in respect of the relevant security on that eighth Scheduled Trading Day, its good faith estimate of the value for the relevant security as of the Valuation Time on that eighth Scheduled Trading Day).

### 9.1.3 **Disrupted Day adjustment for Averaging Dates**

If an Averaging Date is a Disrupted Day, then if, in relation to "**Averaging Date Disruption**", the consequence specified in the applicable Issue Terms is:

- (i) "**Omission**", then such Averaging Date will be deemed not to be a relevant Averaging Date for the purposes of determining the relevant Settlement Value provided that, if through the operation of this provision no Averaging Date would occur with respect to the relevant Valuation Date, then Condition 9.1.2 (*Disrupted Day adjustment for Valuation Dates*) will apply for purposes of determining the relevant level, price or

amount on the final Averaging Date in respect of that Valuation Date as if such Averaging Date were a Valuation Date that was a Disrupted Day;

- (ii) "**Postponement**", then Condition 9.1.2 (*Disrupted Day adjustment for Valuation Dates*) will apply for the purposes of determining the relevant level, price or amount on that Averaging Date as if such Averaging Date were a Valuation Date that was a Disrupted Day irrespective of whether, pursuant to such determination, that deferred Averaging Date would fall on a day that already is or is deemed to be an Averaging Date for the relevant Security; or
- (iii) "**Modified Postponement**", then:
  - (i) in the case of an Index Security or a Share Security, the Averaging Date shall be the first succeeding Valid Date. If the first succeeding Valid Date has not occurred as of the Valuation Time on the eighth Scheduled Trading Day immediately following the original date that, but for the occurrence of another Averaging Date or Disrupted Day, would have been the final Averaging Date in relation to the relevant Scheduled Valuation Date, then (A) that eighth Scheduled Trading Day shall be deemed to be the Averaging Date (irrespective of whether that eighth Scheduled Trading Day is already an Averaging Date), and (B) the Determination Agent shall determine, acting in good faith and in a commercially reasonable manner, the relevant level or price for that Averaging Date in accordance with Condition 9.1.2(i);
  - (ii) in the case of an Index Basket Security or a Share Basket Security, the Averaging Date for each Share or Index not affected by the occurrence of a Disrupted Day shall be the date specified in the applicable Issue Terms as an Averaging Date in relation to the relevant Valuation Date and the Averaging Date for a Share or an Index affected by the occurrence of a Disrupted Day shall be the first succeeding Valid Date in relation to such Share or Index. If the first succeeding Valid Date in relation to such Share or Index has not occurred as of the Valuation Time on the eighth Scheduled Trading Day immediately following the original date that, but for the occurrence of another Averaging Date or Disrupted Day, would have been the final Averaging Date in relation to the relevant Scheduled Valuation Date, then (A) that eighth Scheduled Trading Day shall be deemed to be the Averaging Date (irrespective of whether that eighth Scheduled Trading Day is already an Averaging Date) in relation to such Share or Index, and (B) the Determination Agent shall determine, acting in good faith and in a commercially reasonable manner, the relevant level or amount for that Averaging Date in accordance with (x) in the case of an Index Basket Security, Condition 9.1.2(iii) and (y) in the case of a Share Basket Security, Condition 9.1.2(ii); and
  - (iii) "**Valid Date**" shall mean a Scheduled Trading Day that is not a Disrupted Day and which another Averaging Date in respect of the relevant Valuation Date does not or is not deemed to occur.
- (iv) If any Averaging Dates in relation to a Valuation Date occur after that Valuation Date as a result of the occurrence of a Disrupted Day, then (i) the relevant Cash Settlement Payment Date or Maturity Date or (ii) the occurrence of an event as set out in Conditions 9.3 (*Merger Events and Tender Offers*) or 9.4 (*Nationalisation, Insolvency and Delisting*), an Additional Disruption Event or a Potential Adjustment Event shall be determined by reference to the last such Averaging Date as though it were that Valuation Date.

9.1.4 The Determination Agent shall as soon as reasonably practicable under the circumstances notify the Issuer and the Fiscal Agent of the existence of a Disrupted Day on any day that but for the occurrence or existence of a Disrupted Day would have been a Valuation Date.

9.2 *Potential Adjustment Events:*

This Condition 9.2 is applicable only in relation to Securities specified in the applicable Issue Terms as being Share Securities or Share Basket Securities.

Following the declaration by the Share Issuer of the terms of any Potential Adjustment Event, the Determination Agent will determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the Shares and, if so, will (i) make such adjustment(s), if any, to any amount that is payable in respect of the Securities and/or any other adjustment to the settlement, payment or other terms of the Securities as the Determination Agent determines to be appropriate to account for that diluting or concentrative effect, which may include, without limitation, the issue of further securities in accordance with Condition 20 (*Further Issues*) and (ii) determine the effective date(s) of such adjustment(s). The Determination Agent may (but need not) determine the appropriate adjustment(s) by reference to the adjustment(s) in respect of such Potential Adjustment Event made by an options exchange or futures exchange to options or futures relating to the relevant Shares traded on such options exchange or futures exchange.

9.3 *Merger Events and Tender Offers:*

This Condition 9.3 is applicable only in relation to Securities specified in the applicable Issue Terms as being Share Securities or Share Basket Securities.

9.3.1 Following the occurrence of a Merger Event or Tender Offer, if the Issuer determines that the relevant Securities shall continue to be outstanding, (i) the Determination Agent shall notify the Issuer and the Fiscal Agent and the Issuer shall promptly notify the Securityholders in accordance with the Conditions and (ii) the Determination Agent shall on or after the relevant Merger Date or (as the case may be) Tender Offer Date and, unless it determines that no such adjustment(s) that it could make will produce a commercially reasonable result, (A) make such adjustment(s) to the terms of the Securities as the Determination Agent determines appropriate to account for the economic effect on the Securities of such Merger Event or, as the case may be, Tender Offer (including adjustments to account for changes in volatility, expected dividends, stock loan rate or liquidity relative to the Shares or the Securities) which may, but need not, be determined by reference to the adjustment(s) made in respect of such Merger Event or (as the case may be) Tender Offer by an options exchange or futures exchange to options or futures relating to the relevant Shares traded on such options exchange or futures exchange, and (B) determine the effective date(s) of such adjustment(s).

9.3.2 If the Issuer determines that the relevant Securities shall not continue to be outstanding, then the relevant Securities shall cease to be exercisable (as well as any Investor Put Option as specified in 6.14 in respect of the Securities) (or, in the case of any Securities which have been exercised but remain unsettled, the entitlements of the respective exercising Securityholders to the Settlement Amount pursuant to such exercise shall cease) and the Issuer's obligations under the Securities shall be satisfied in full upon payment of the Early Termination Amount, in which event the Security shall cease to be exercisable, including any Investor Put Option as specified in Condition 6.11 (or, in the case of any Securities which have been exercised, the entitlements of the respective exercising Securityholders to receive the relevant currency or payment of the Settlement Amount, as the case may be, pursuant to such exercise shall cease) and the Issuer's obligations under the Securities shall be satisfied in full upon payment of such amount.

9.4 *Nationalisation, Insolvency and Delisting:*

This Condition 9.4 is applicable only in relation to Securities specified in the applicable Issue Terms as being Share Securities or Share Basket Securities.

9.4.1 If in the determination of the Determination Agent, acting in a commercially reasonable manner:

- (i) all the Shares or all or substantially all the assets of the Share Issuer are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof ("**Nationalisation**"); or
- (ii) by reason of the voluntary or involuntary liquidation, bankruptcy or insolvency, dissolution or winding-up of or any analogous proceeding affecting a Share Issuer, (1) all the Shares of that Share Issuer are required to be transferred to a trustee, liquidator or other similar official or (2) holders of the Shares of that Share Issuer become legally prohibited from transferring them ("**Insolvency**"); or
- (iii) the Exchange announces that pursuant to the rules of such Exchange, the Shares cease (or will cease) to be listed, traded or publicly quoted on the Exchange for any reason (other than a Merger Event or Tender Offer) and are not immediately re-listed, re-traded or re-quoted on an exchange or quotation system located in the same country as the Exchange (or, where the Exchange is within the European Union, in any member state of the European Union) ("**Delisting**"),

then the Issuer will determine, acting in good faith and in a commercially reasonable manner, whether or not the Securities shall continue to be outstanding.

9.4.2 If the Issuer determines that the relevant Securities shall continue to be outstanding, the Determination Agent may make such adjustment as the Determination Agent, acting in good faith and in a commercially reasonable manner considers appropriate, if any, to the Strike Value, the formula for the Cash Settlement Amount or Final Redemption Amount and/or the Settlement Value and/or the Reference Value, the number of Shares to which each Security relates and, in any case, any other variable relevant to the exercise redemption, settlement, or payment terms of the relevant Securities and/or any other adjustment (including without limitation, the cancellation of terms applicable in respect of relevant Shares affected by the relevant Nationalisation, Insolvency and Delisting), which may, but need not, be determined by reference to the adjustment(s) made in respect of such Nationalisation, Insolvency or Delisting by an options exchange or futures exchange to options or futures relating to the relevant Shares traded on such options exchange or futures exchange, which change or adjustment shall be effective on such date as the Determination Agent shall determine.

9.4.3 If the Issuer determines that the relevant Securities shall not continue to be outstanding, then the Issuer shall within 10 Business Days of reaching such determination notify the same to the Securityholders in accordance with Condition 21 (*Notices*) and the relevant Securities shall cease to be exercisable (including any Investor Put Option as specified in Condition 6.11 (*Early termination of Notes at the option of a Securityholder*) in respect of the Securities) (or, in the case of any Securities which have been exercised but remain unsettled, the entitlements of the respective exercising Securityholders to receive the Settlement Amount pursuant to such exercise shall cease) as of the Announcement Date and the Issuer's obligations under the Securities shall be satisfied in full upon payment of the Early Termination Amount, in which event the Security shall cease to be exercisable (or, in the case of any Securities which have been exercised, the entitlements of the respective exercising Securityholders to receive the relevant currency or payment of the Settlement Amount, as the case may be, pursuant to such

exercise shall cease) and the Issuer's obligations under the Securities shall be satisfied in full upon payment of such amount.

9.4.4 For the purposes hereof, "**Announcement Date**" means, as determined by the Determination Agent, acting in good faith and in a commercially reasonable manner: (i) in the case of a Nationalisation, the date of the first public announcement to nationalise (whether or not subsequently amended) that leads to the Nationalisation, (ii) in the case of an Insolvency, the date of the first public announcement of the institution of a proceeding or presentation of a petition or passing of a resolution (or other analogous procedure in any jurisdiction) that leads to the Insolvency and (iii) in the case of a Delisting, the date of the first public announcement by the Exchange that the Shares will cease to be listed, traded or publicly quoted in the manner described in Condition 9.4.1(iii) above. In respect of any such event, if the announcement of such event is made after the actual closing time for the regular trading session on the relevant Exchange, without regard to any after hours or any other trading outside of regular trading session hours, the Announcement Date shall be deemed to be the next following Scheduled Trading Day.

9.5 *European currency related adjustments to Shares:*

If the Shares were quoted, listed and/or dealt as of the Trade Date in a currency of a member state of the European Union that has not adopted the single currency in accordance with the EC Treaty, and are at any later time quoted, listed and/or dealt exclusively in euro on the Exchange, then the Determination Agent will adjust any amount that is payable in respect of the Securities and/or any other settlement, payment or other terms of the Securities as the Determination Agent determines appropriate to preserve the economic terms of the Securities. The Determination Agent will make any conversion necessary for purposes of such adjustment as of the Valuation Time at an appropriate mid-market spot rate of exchange determined by the Determination Agent prevailing as of the Valuation Time. No adjustments under this Condition 9.5 will affect the currency denomination of the Issuer's payment obligations under the Securities.

9.6 *Correction of Share Prices and Index Levels:*

In the event that any price or value published on the Exchange or by the Index Sponsor and which is utilised by the Determination Agent for any calculation or determination (the "**Original Determination**") is subsequently corrected and the correction (the "**Corrected Value**") is published by the Exchange or the Index Sponsor prior to the Expiration Date or Maturity Date within one Settlement Cycle after the original publication, then the Determination Agent will notify the Issuer and the Fiscal Agent of the Corrected Value as soon as reasonably practicable and shall determine the relevant value (the "**Replacement Determination**") using the Corrected Value. If the result of the Replacement Determination is different from the result of the Original Determination, to the extent that it determines to be necessary, the Determination Agent may adjust any relevant terms accordingly.

9.7 *Adjustments to Indices:*

This Condition 9.7 is applicable only in relation to Index Securities or Index Basket Securities.

**9.7.1** *Successor Index*

If a relevant Index is (i) not calculated and announced by the Index Sponsor, but is calculated and announced by a successor sponsor acceptable to the Determination Agent acting in good faith and in a commercially reasonable manner or (ii) replaced by a successor index using, in the determination of the Determination Agent (such determination to be made at the Determination Agent acting in good faith and in a commercially reasonable manner), the same or a substantially similar formula for and method of calculation as used in the calculation of

that Index, then in each case that index (the "**Successor Index**") will be deemed to be the Index.

**9.7.2 Index Cancellation or Administrator/Benchmark Event Date**

If, in respect of a relevant Index, on or prior to any Valuation Date or Averaging Date either (1) the Index Sponsor permanently cancels such Index and no Successor Index exists (an "**Index Cancellation**") or (2) an Administrator/Benchmark Event and an Administrator/Benchmark Event Date occur in respect of such Index, then:

- (i) If the applicable Issue Terms specifies that the Benchmark Trigger Provisions are applicable and if an Alternative Pre-nominated Index has been specified in relation to such Index in the applicable Issue Terms, then:
  - (A) the Determination Agent shall attempt to determine an Adjustment Payment;
  - (B) if the Determination Agent determines an Adjustment Payment,
    - (1) it shall notify the Issuer of the Adjustment Payment and if the Adjustment Payment is an amount that the Securityholder would (but for Condition 9.7.2(i)(B)(3)(b)) be required to pay to the Issuer in respect of each Security, request the Issuer to notify the Determination Agent whether it intends to terminate the Securities pursuant to Condition 9.7.4 (*Early termination for Index Adjustment Event*). If the Issuer does not intend to terminate the Securities pursuant to Condition 9.7.4 (*Early termination for Index Adjustment Event*) then the following provisions of this Condition 9.7.2(i) (*Index Cancellation or Administrator/Benchmark Event Date*) shall apply;
    - (2) the terms of the Securities shall be amended so that references to the Index are replaced by references to the Alternative Pre-nominated Index;
    - (3) the Conditions shall be adjusted to implement the Adjustment Payment as follows:
      - (a) if the Adjustment Payment is an amount that the Issuer is required to pay in respect of each Security, the Determination Agent shall adjust the Conditions to provide for the payment of the Adjustment Payment on the Maturity Date, Cash Settlement Payment Date or other date when the Securities are redeemed or settled (as the case may be) in full; or
      - (b) if the Adjustment Payment is an amount that the Securityholder would (but for this Condition 9.7.2(i)(B)(3)(b)) be required to pay to the Issuer in respect of each Security, the Determination Agent shall adjust the Conditions to provide for the reduction of the amounts due by the Issuer until the aggregate amount of such reductions is equal to the Adjustment Payment, (subject, in the determination of the Determination Agent, to any minimum redemption amount or minimum settlement amount (as the case may be) of the Securities which the Determination Agent determines is required pursuant to any applicable law or regulation (including, without limitation, any tax law) and



the rules of each listing authority, stock exchange and/or quotation system by which the Securities have then been admitted to listing, trading and/or quotation);

- (4) the Determination Agent shall make such other adjustments to the Conditions as it determines necessary or appropriate in order to account for the effect of the replacement of the Index with the Alternative Pre-nominated Index and/or to preserve as nearly as practicable the economic equivalence of the Securities before and after the replacement of the Index with the Alternative Pre-nominated Index; and
  - (5) the Determination Agent shall notify the Issuer, the Fiscal Agent and the Securityholders of any replacement of the Index by the Alternative Pre-nominated Index, the Adjustment Payment and any other adjustments to the Conditions, giving summary details of the adjustment(s), provided that any failure to give such notice shall not affect the validity of the foregoing.
- (C) If the Determination Agent is unable to determine an Adjustment Payment, then Condition 9.7.4 (*Early termination for Index Adjustment Event*) shall apply.
- (ii) If the applicable Issue Terms does not specify that the Benchmark Trigger Provisions are applicable or, if the Issue Terms specifies that the Benchmark Trigger Provisions are applicable but does not specify an Alternative Pre-nominated Index in relation to the Index, then Condition 9.7.4 (*Early termination for Index Adjustment Event*) shall apply.

### **9.7.3 Index Modification and Index Disruption**

If (i) on or prior to any Valuation Date or Averaging Date, a relevant Index Sponsor announces that it will make a material change in the formula for or the method of calculating a relevant Index or in any other way materially modifies such Index (other than a modification prescribed in that formula or method to maintain such Index in the event of changes in constituent securities (or other property) and capitalisation and other routine events) (an "**Index Modification**") or (ii) on any Valuation Date or Averaging Date, the Index Sponsor fails to calculate and announce a relevant Index (provided that the Determination Agent may, acting in good faith and in a commercially reasonable manner, determine that, in respect of a Multi-exchange Index, such failure to calculate and announce such Index shall instead be a Disrupted Day in respect of such Index) (an "**Index Disruption**") then the Determination Agent shall determine if such Index Modification or Index Disruption has a material effect on the Securities and, if so, subject to Condition 9.7.4 (*Early termination for Index Adjustment Event*), shall calculate, acting in good faith and in a commercially reasonable manner, the relevant Reference Value or Settlement Value using, in lieu of a published level for such Index, the level for such Index as at that Valuation Date or, as the case may be, that Averaging Date as determined by the Determination Agent acting in good faith and in a commercially reasonable manner in accordance with the formula for and method of calculating such Index last in effect prior to that change, failure or cancellation, but using only those securities or other property that comprised such Index immediately prior to that Index Adjustment Event.

### **9.7.4 Early termination for Index Adjustment Event**

If:

- (i) an Index Cancellation occurs and the Issue Terms does not specify that the Benchmark Trigger Provisions are applicable;
- (ii) an Index Cancellation or an Administrator/Benchmark Event Date occurs, the Issue Terms specifies that the Benchmark Trigger Provisions are applicable but does not specify an Alternative Pre-nominated Index;
- (iii) an Index Cancellation or an Administrator/Benchmark Event Date occurs, the Issue Terms specifies that the Benchmark Trigger Provisions are applicable and specifies an Alternative Pre-nominated Index but the Determination Agent is unable to determine the Adjustment Payment;
- (iv) an Index Cancellation or an Administrator/Benchmark Event Date occurs, the Issue Terms specifies that the Benchmark Trigger Provisions are applicable and specifies an Alternative Pre-nominated Index and the Determination Agent determines that the Adjustment Payment would be an amount that the Securityholder would (but for Condition 9.7.2(i)(B)(3)(b)) be required to pay to the Issuer in respect of each Security; or
- (v) an Index Modification or an Index Disruption occurs and it (a) would be unlawful at any time under any applicable law or regulation or (b) would contravene any applicable licensing requirements, in each case for the Determination Agent to calculate the relevant Reference Value or Settlement Value in accordance with 9.7.3,

then the Issuer will determine, acting in good faith and in a commercially reasonable manner, whether or not the Securities shall continue to be outstanding.

If the Issuer determines that the relevant Securities shall continue, the Determination Agent may make such adjustment as the Determination Agent acting in good faith and in a commercially reasonable manner considers appropriate, if any, to any variable relevant to the exercise, settlement, or payment terms of the relevant Securities and/or any other adjustment which adjustment shall be effective on such date as the Determination Agent shall determine acting in good faith and in a commercially reasonable manner to be appropriate.

If the Issuer determines that the relevant Securities shall not continue to be outstanding, then the Securities shall cease to be exercisable (as well as any Investor Put Option as specified in Condition 6.11 (*Early termination of Notes at the option of a Securityholder*) in respect of the Securities) (or, in the case of any Securities which have been exercised, the entitlements of the respective exercising Securityholders to payment of the Settlement Amount pursuant to such exercise shall cease) as of such later date and the Issuer shall within 10 Business Days of reaching such determination notify the same to the Securityholders in accordance with Condition 21 (*Notices*) and will pay the Early Termination Amount, in which event the Security shall cease to be exercisable (or, in the case of any Securities which have been exercised, the entitlements of the respective exercising Securityholders to receive the relevant currency or payment of the Settlement Amount, as the case may be, pursuant to such exercise shall cease) and the Issuer's obligations under the Securities shall be satisfied in full upon payment of such amount.

**9.8 Potential adjustment to Valuation Dates and Averaging Dates of Securities in respect of which one or more of the Underlyings is (or one or more of the Components of the Underlying is) the common stock of a "financial institution"**

Notwithstanding anything else in the Conditions, the occurrence of any Valuation Date or Averaging Date with respect to a Series of Securities in respect of which (i) in the case of Share Securities or Share Basket Securities, one or more of the Underlyings is or (ii) in the case of Index Securities or

Index Basket Securities, one or more of the Components of one or more of the Underlyings is, the common stock (or the equivalent thereof) of a "financial institution" (as defined in "*Regulatory Capital Rules: Regulatory Capital, Implementation of Basel III, Capital Adequacy, Transition Provisions, Prompt Corrective Action, Standardized Approach for Risk-weighted Assets, Market Discipline and Disclosure Requirements, Advanced Approaches Risk-Based Capital Rule, and Market Risk Capital Rule*" promulgated by the Office of the Comptroller of the Currency, Treasury, and the Board of Governors of the Federal Reserve System on July 2, 2013 (as may be amended from time to time)) may be postponed by the Issuer to the extent necessary to allow the Issuer or its Affiliates to unwind any hedge positions which it has entered into with respect to the relevant Series of Securities; provided, however, that on any scheduled Valuation Date or scheduled Averaging Date (as applicable) the Issuer will (and, where applicable, will procure that its Affiliates will) use all commercially reasonable efforts to unwind any relevant hedge positions in light of then-prevailing market conditions. Any such postponement to a Valuation Date or Averaging Date pursuant to this Condition 9.8 shall take place after any other postponements to such dates are made pursuant to the other terms of this Condition 9, and any valuations taken on such postponed dates will be made by the Determination Agent acting in good faith and in a commercially reasonable manner.

## **10. ADDITIONAL DISRUPTION EVENTS**

- 10.1 Following the occurrence of an Additional Disruption Event, the Issuer will acting in good faith and in a commercially reasonable manner determine whether or not the relevant Securities shall continue to be outstanding.
- 10.2 If the Issuer determines that the relevant Securities shall continue, the Determination Agent may make such adjustment as the Determination Agent, acting in good faith and in a commercially reasonable manner, considers appropriate, if any, to the Strike Value, the formula for the Cash Settlement Amount or Final Redemption Amount and/or the Reference Value or Settlement Value set out in the applicable Issue Terms, the number of Shares to which each Security relates, the number of Shares comprised in a Basket, the amount and, in any case, any other variable relevant to the exercise, redemption, settlement, or payment terms of the relevant Securities and/or any other adjustment (including without limitation, in relation to Share Basket Securities or Index Basket Securities, the cancellation of terms applicable in respect of any Share or Index, as the case may be, affected by the relevant Additional Disruption Event) which change or adjustment shall be effective on such date as the Determination Agent shall determine acting in good faith and in a commercially reasonable manner.
- 10.3 If the Issuer determines that the relevant Securities shall not continue to be outstanding, then the Issuer shall within 10 Business Days of reaching such determination notify the same to the Securityholders in accordance with Condition 21 (*Notices*) the relevant Securities shall cease to be exercisable (as well as any Investor Put Option as specified in Condition 6.11 (*Early termination of Notes at the option of a Securityholder*) in respect of the Securities) (or, in the case of any Securities which have been exercised but remain unsettled, the entitlements of the respective exercising Securityholders to the Settlement Amount pursuant to such exercise shall cease) and the Issuer's obligations under the Securities shall be satisfied in full upon payment of the Early Termination Amount, in which event the Security shall cease to be exercisable (or, in the case of any Securities which have been exercised, the entitlements of the respective exercising Securityholders to receive the relevant currency or payment of the Settlement Amount, as the case may be, pursuant to such exercise shall cease) and the Issuer's obligations under the Securities shall be satisfied in full upon payment of such amount.
- 10.4 The Issuer shall as soon as reasonably practicable under the circumstances notify the Fiscal Agent and the Determination Agent of the occurrence of an Additional Disruption Event.

## 11. PERFORMANCE DISRUPTION AND INCONVERTIBILITY EVENTS

- 11.1 If the Determination Agent determines, acting in a commercially reasonable manner, that Performance Disruption has occurred, then the Issuer may determine, acting in good faith and in a commercially reasonable manner, that the relevant Securities shall be terminated on the date specified in a notice to the Securityholders and the Issuer will pay the Early Termination Amount, in which event the Security shall cease to be exercisable (as well as any Investor Put Option as specified in Condition 6.11 (*Early termination of Notes at the option of the Securityholder*) in respect of the Securities) (or, in the case of any Securities which have been exercised, the entitlements of the respective exercising Securityholders to receive the relevant currency or payment of the Settlement Amount, as the case may be, pursuant to such exercise shall cease) and the Issuer's obligations under the Securities shall be satisfied in full upon payment of such amount.
- 11.2 For the purposes hereof, "**Performance Disruption**" means, in relation to any Security, the occurrence or existence on any day of any event, circumstance or cause beyond the control of the Issuer that has had or reasonably could be expected to have a material adverse effect upon (i) its ability to perform its obligations under, or hedge its positions with respect to, the relevant Security; (ii) the ability of any hedging counterparty of the Issuer to perform its obligations under any hedging transaction entered into by the Issuer to hedge all or any of its liabilities in respect of the Securities or any of them; or (iii) the availability of hedging transactions in the market. If the Determination Agent determines that both a Performance Disruption and an Additional Disruption Event have occurred and are subsisting, then the Issuer may elect to terminate the Securities for either such Performance Disruption or an Additional Disruption Event at its option.
- 11.3 If, in respect of any Series of Securities, the applicable Issue Terms specifies that "Inconvertibility Event Provisions" are applicable, this Condition 11.3 shall apply in respect of such Securities, but otherwise it shall not apply.

If, at any time, the Determination Agent determines that an Inconvertibility Event has occurred, it will inform the Issuer of such event. Following the determination of an Inconvertibility Event, the Issuer may, in its sole and absolute discretion, provide a notice to the holders of the Securities in accordance with Condition 20 electing either:

- 11.3.1 If "**Early Termination**" is specified in the applicable Issue Terms: to early terminate the Securities on a date specified in such notice (such date, the "**Inconvertibility Early Termination Date**"), in which case the Securities shall early terminate at the Inconvertibility Early Termination Amount on such Inconvertibility Early Termination Date. The Issuer's obligations under the Securities shall be satisfied in full upon payment of such amount; or
- 11.3.2 If "**Suspended Payment**" is specified in the applicable Issue Terms, to suspend any payment which would otherwise be due under the Securities until a number of Business Days specified in the notice following the date on which the Inconvertibility Event has ceased and no additional amount will be payable in respect of any such delay,

provided that the Issuer may, at any time, subsequent to the despatch of a notice electing the "Suspended Payment" option, despatch a second notice electing "Early Termination", provided that "Early Termination" is specified as applicable in the relevant Issue Terms, in which case the Securities will be terminated in accordance with the terms of "Early Termination" above and the date specified in such notice will be the Inconvertibility Early Termination Date.

For the avoidance of doubt (a) failure to deliver such notice or the failure of the recipient to receive such notice will not affect the Issuer's ability to make payments according to the option it selected and (b) the provisions of this Condition 11.3 may be applied on more than one occasion.

## 12. TAXATION

- 12.1 *No additional amounts and payment net of Taxes:* Except as otherwise set out in the applicable Issue Terms, all payments by the Issuer and Guarantor in respect of the Securities shall be net of any relevant Taxes and without limitation, in the event any withholding or deduction for, any taxes, duties, assessments or governmental charges of whatsoever nature imposed, levied, collected, withheld or assessed by any jurisdiction or any political subdivision or any authority thereof or therein having power to tax, is required by law, neither the Issuer nor the Guarantor shall be required to make any additional payments on account of any such withholding or deduction.
- 12.2 *Indemnity in respect of KSA Securities:* Each holder of KSA Securities by its acquisition and holding of KSA Securities is deemed to indemnify and agree to indemnify and hold harmless the Issuer against any tax, levy, impost, duty, charge, assessment or fee including capital gains tax and withholding tax as well as any penalties and interest thereon (even if their imposition results from any action or inaction of the Issuer or any of its Affiliates), and any change in any of the rates thereof, payable to, imposed by or levied by or on behalf of the KSA or any authority having power to tax, whether such amount is payable by the Issuer directly or is payable by any of Issuer's Affiliates, and, whether any such amount becomes payable during or after the scheduled Expiration Date (a "**Retrospective Tax Liability**"), in connection with the holding, possession, purchase or sale of, or any possession of an interest in or dealing in, or any hedging arrangements relating to, or to payments due under or in connection with the KSA Securities ("**Tax Liability**"). Any payment liable to be made by a Securityholder under this Condition 12.2 (*Indemnity in respect of KSA Securities*) shall be made in the currency in which such Tax Liability amount is due and payable; provided that, the Issuer shall be entitled to convert any such Tax Liability amount into such other currency as it deems fit (and at an exchange rate determined by it in its sole and reasonable discretion) and shall be entitled to deduct such amount from any payment(s) due from the Issuer to the Securityholder. A Securityholder's obligation to make a payment to the Issuer in respect of a Retrospective Tax Liability will survive the termination of the relevant KSA Securities. For the avoidance of doubt, Zakat levied on the Issuer and any Affiliate of the Issuer in connection with the KSA Securities is within the scope of this provision.
- 12.3 *Change in Tax:* Without limitation to and in addition to Condition 12.2 (*Indemnity in respect of KSA Securities*), upon the occurrence of a Change in KSA Tax, the Issuer will (i) inform the Securityholders and (ii) seek to modify the Conditions of the KSA Securities so as to preserve the economic value of the KSA Securities which would have prevailed but for the occurrence of the Change in KSA Tax. If the Issuer determines that it is not possible to restructure the KSA Securities, the Issuer may determine that the Cash Settlement Amount shall be reduced by an amount required to put the Issuer and/or any of its Affiliates in the same position that it would have been in but for the occurrence of the Change in KSA Tax.
- 12.4 *Implementation of Financial Transaction Tax:* If "Implementation of Financial Transaction Tax" is specified in the applicable Issue Terms to be applicable to any Series of Securities, then upon the occurrence of an Implementation of Financial Transaction Tax, the Issuer may (i) in its sole discretion, with immediate effect amend the Conditions to reflect such event, including, without limitation, adjusting any value or term of the Conditions to account for the economic impact of the Implementation of Financial Transaction Tax on the Issuer and/or its Affiliates in relation to the Securities which may include, without limitation reducing any amount payable under the Securities, and (ii) to the extent that at any time thereafter the Issuer determines (acting in good faith and in a commercially reasonable manner) that it and its Affiliates have or will incur additional loss as a result of the Implementation of Financial Transaction Tax that has not been accounted for through the adjustment made pursuant to sub-paragraph (i) (such amount, an "**Additional Increased Tax**"), it may reduce the amount otherwise payable on the Securities on the next payment date (and any payment date thereafter) by an amount up to the Additional Increased Tax amount. Any such adjustments shall be notified to Securityholders as soon as reasonably practicable. If an event or circumstance which would otherwise constitute a Change in Law or Increased Cost of Hedging (where applicable) also

constitutes an Implementation of Financial Transaction Tax, the Determination Agent may determine whether it will be treated as a Change in Law or Increased Cost of Hedging or an Implementation of Financial Transaction Tax.

### 13. EVENTS OF DEFAULT

13.1 If any of the following events (each, an "**Event of Default**") occurs and is continuing:

- (a) *Non-payment*: Failure to pay any amount of principal in respect of the Securities within thirty days of the due date for payment thereof or fails to pay any amount of interest in respect of the Securities within thirty days of the due date for payment thereof; or
- (b) Insolvency, etc.:
  - (i) the Issuer becomes insolvent or is unable to pay its debts as they fall due;
  - (ii) an administrator or liquidator of the Issuer or the whole or a substantial part of the undertaking, assets and revenues of the Issuer is appointed (otherwise than for the purposes of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent);
  - (iii) the Issuer takes any action for a composition with or for the benefit of its creditors generally, or
  - (iv) an order is made or an effective resolution is passed for the winding up, liquidation or dissolution of the Issuer (otherwise than for the purposes of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent), and such order or effective resolution has remained in force and has not been rescinded, revoked or set aside for sixty days after the date on which such order is made or effective resolution is passed,

then Securityholders of not less than 25 per cent. in aggregate principal amount then outstanding of the affected Series of Securities may, by written notice addressed to the Issuer and delivered to the Issuer or to the Specified Office of the Fiscal Agent, declare such affected Series of Securities to be immediately due and payable, whereupon they shall become so due and payable at their Early Termination Amount (or in accordance with any other provisions specified in the applicable Issue Terms) without further action or formality. Notice of any such declaration shall be given to the Securityholders.

13.2 *Annulment of Acceleration and Waiver of Defaults*: In respect of any Event of Default, other than the non-payment of the principal of a Series of Securities that has become due as a result of an acceleration, that has been cured, waived or otherwise remedied, the holders of a majority in aggregate principal amount then outstanding of such affected Series of Securities (voting as one class) may rescind and annul past declarations of acceleration of such affected Series of Securities arising due to such Event of Default or waive such Event of Default.

13.3 *No Event of Default for Guarantor's Resolution or Insolvency*: Nothing herein contained shall be deemed to authorise any Securityholders to exercise any remedy against the Issuer or the Guarantor solely as a result of, or because it is related directly or indirectly to: (a) the insolvency of the Guarantor or the commencement of any proceedings relative to the Guarantor under Title 11 of the United States Code, or the appointment of a receiver for the Guarantor under Title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 or the commencement of any other applicable federal or state bankruptcy, insolvency, resolution or other similar law; (b) a receiver, assignee or trustee in bankruptcy or reorganization, liquidator, sequestrator or similar official having been appointed for or having taken possession of the Guarantor or its property; or (c) the institution of any other comparable judicial or regulatory proceedings relative to the Guarantor, or to the creditors or property of the Guarantor.

Notwithstanding the foregoing, Securityholders are authorised to exercise any remedy against the Issuer as a result of an Event of Default described in Condition 13.1(b).

#### 14. ILLEGALITY AND REGULATORY EVENT

- 14.1 The Issuer shall have the right to terminate the Securities if it shall have determined, in its sole and absolute discretion, that:
- (a) its performance thereunder, or, if applicable, the Guarantor's performance of its obligations under the Guarantee, shall have become or will be unlawful in whole or in part as a result of compliance in good faith by the Issuer or, if applicable, the Guarantor, with any applicable present or future law, rule, regulation, judgment, order or directive of any governmental, administrative, legislative or judicial authority or power ("**applicable law**") (an "**Illegality Event**"); or
  - (b) a Regulatory Event has occurred.
- 14.2 If the Issuer determines that the Securities shall be terminated in accordance with this Condition 14, the Issuer shall pay to each Securityholder in respect of each Security held by him the Early Termination Amount. Payment will be made in such manner as shall be notified to the Securityholders in accordance with Condition 21 (*Notices*).
- 14.3 The Issuer shall also, as soon as reasonably practicable under the circumstances, notify the Fiscal Agent and the Determination Agent of the occurrence of an Illegality Event or, a Regulatory Event, as applicable.

#### 15. PRESCRIPTION

Claims for Settlement Amounts shall become void unless such claims are made within ten years of the appropriate Relevant Date. Claims for Distribution Amounts shall become void unless such claims are made within five years of the appropriate Relevant Date.

#### 16. REPLACEMENT OF SECURITIES

If any Individual Registered Instrument is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Registrar or any Transfer Agent (each a "**Replacement Agent**") during normal business hours (and, if the Securities are then admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent in any particular place, the Paying Agent having its Specified Office in the place required by such listing authority, stock exchange and/or quotation system), subject to all applicable laws and stock exchange requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer and the Replacement Agent may reasonably require. Mutilated or defaced Individual Registered Instruments must be surrendered before replacements will be issued.

#### 17. AGENTS

- 17.1 In acting under the Issue and Paying Agency Agreement and in connection with the Securities, the Paying Agents act solely as agents of the Issuer and do not assume any obligations towards or relationship of agency or trust for or with any of the Securityholders.
- 17.2 The Issuer reserves the right at any time to vary or terminate the appointment of any Fiscal Agent, Paying Agent, Registrar, Transfer Agent or Determination Agent and to appoint a successor Fiscal Agent or Determination Agent and additional or successor, Registrar, Paying Agents or Transfer Agents; provided, however, that the Issuer shall at all times maintain:

17.2.1 a Fiscal Agent;

17.2.2 a Registrar;

17.2.3 a Paying Agent or a Transfer Agent;

17.2.4 a Luxembourg Paying Agent;

17.2.5 if a Determination Agent is specified in the applicable Issue Terms, a Determination Agent; and

17.2.6 if and for so long as the Securities are admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent, a Registrar and/or a Transfer Agent in any particular place, a Paying Agent, a Registrar and/or a Transfer Agent, each having their Specified Office in the place required by such listing authority, stock exchange and/or quotation system.

17.3 Notice of any change in any of the Paying Agents, Registrar or Transfer Agent or in their respective Specified Offices shall promptly be given to the Securityholders.

## **18. DETERMINATIONS**

18.1 Whenever any matter falls to be determined, considered or otherwise decided upon by the Determination Agent or any other person (including where a matter is to be decided by reference to the Determination Agent's or such other person's opinion), unless otherwise stated, that matter shall be determined, considered or otherwise decided upon by the Determination Agent or such other person, as the case may be acting in good faith and in a commercially reasonable manner. Any amount payable with respect to a Security shall be rounded down to the nearest smallest whole unit of the Specified Currency provided that where a single Securityholder is the Securityholder of more than one Security the amount paid to him may be the figure resulting from aggregation of the amounts determined (without rounding) in respect of the relevant Securities, and then rounded down to the nearest smallest whole unit.

18.2 All determinations, considerations and decisions made by the Determination Agent shall, in the absence of manifest error, wilful default or bad faith, be final and conclusive and the Determination Agent shall have no liability in relation to such determinations except in the case of its wilful default or bad faith.

## **19. MEETINGS OF SECURITYHOLDERS AND MODIFICATIONS**

19.1 *Meetings of Securityholders:* The Issue and Paying Agency Agreement contains provisions for convening meetings of Securityholders to consider matters relating to the Securities, including the modification of any provision of the Conditions subject to Condition 19.2 below. Any such modification may be made if sanctioned by an Extraordinary Resolution. Such a meeting may be convened by the Issuer and shall be convened by it upon the request in writing of Securityholders holding not less than one-tenth of the aggregate Nominal Amount or number of the outstanding Securities. The quorum at any meeting convened to vote on an Extraordinary Resolution will be two or more Persons holding or representing one more than half of the aggregate Nominal Amount or number of the outstanding Securities at any adjourned meeting, two or more Persons being or representing Securityholders whatever the Nominal Amount or number of the Securities held or represented; provided, however, that Reserved Matters may only be sanctioned by an Extraordinary Resolution passed at a meeting of Securityholders at which two or more Persons holding or representing not less than three-quarters or, at any adjourned meeting, one quarter of the aggregate Nominal Amount or number of the outstanding Securities form a quorum. Any Extraordinary



Resolution duly passed at any such meeting shall be binding on all the Securityholders, whether present or not.

In addition, a resolution in writing signed by or on behalf of all Securityholders who for the time being are entitled to receive notice of a meeting of Securityholders will take effect as if it were an Extraordinary Resolution. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Securityholders.

19.2 *Modification:* The Securities and the Conditions may be amended without the consent of the Securityholders where:

(i) the amendment is to correct a manifest or proven error or to effect a modification which is of a formal, minor or technical nature;

(ii) the amendment is to cure any ambiguity or to correct or supplement any defective provisions;

(iii) the amendment is to correct an error or omission such that, in the absence of such correction, the relevant terms proposed to be corrected would not otherwise represent the intended terms on which the relevant Securities were sold and have since traded; or

(iv) in the opinion of the Issuer, the amendment is not materially prejudicial to the interest of the Securityholders.

In addition, the parties to the Issue and Paying Agency Agreement may agree to modify any provision thereof, but the Issuer shall not agree, without the consent of the Securityholders, to any such modification unless it is of a formal, minor or technical nature, it is made to correct a manifest error or it is, in the opinion of such parties, not materially prejudicial to the interests of the Securityholders.

19.3 In connection with the Conditions, the Issuer and the Fiscal Agent shall have regard to the interests of the Securityholders as a class. In particular, but without limitation, the Issuer and the Fiscal Agent shall not have regard to the consequences for individual Securityholders resulting from such individual Securityholders being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory.

## 20. FURTHER ISSUES

The Issuer may from time to time, without the consent of the Securityholders, create and issue further securities having the same terms and conditions as the Securities in all respects (or in all respects except for the first payment of any Distribution Amount) so as to form a single series with the Securities.

## 21. NOTICES

21.1 *To holders of Securities:* Notices to holders of Securities will be deemed to be validly given if sent by first class mail (or equivalent) or (if posted to an overseas address) by air mail to them (or, in the case of joint holders, to the first named in the Register) at their respective addresses as recorded in the Register, and will be deemed to have been validly given on the fourth weekday after the date of such mailing or, if posted from another country, on the fifth such day. Notices to holders of Securities will include a reminder that: (1) each holder of any Restricted Security is required to be a QIB/QP; (2) the Restricted Securities can only be transferred (A) to another QIB/QP pursuant to Rule 144A or (B) in an offshore transaction in accordance with Regulation S to a non-U.S. person who, following such transaction, receives a beneficial interest in the relevant Unrestricted Global Security; (3) the Issuer has the right to force any holder of Restricted Securities that is a U.S. person who is not a QIB/QP to (i) sell its Securities to (A) a QIB/QP pursuant to Rule 144A or (B) in an offshore transaction in accordance with Regulation S to a non-U.S. person who, following such transaction, receives a

beneficial interest in the relevant Unrestricted Global Security or (ii) terminate such Security; (4) each holder of any Unrestricted Security is required to be a non-U.S. person (as defined Regulation S); and (5) the Issuer has the right to force any holder of Unrestricted Securities who is a U.S. person (as defined in Regulation S) to (i) sell its Securities to (A) a person who is not a U.S. person (as defined in Regulation S) or (B) pursuant to Rule 144A to a QIB/QP who, following such transaction, receives a beneficial interest in the relevant Restricted Global Security or (ii) terminate such Security. The Issuer will send this reminder to participants in DTC and Euroclear and Clearstream, Luxembourg at least once a year with a request that participants pass it along to beneficial owners of Securities. With respect to Securities listed on Euronext Dublin and if the rules of that Stock Exchange so require, any notices to Securityholders must also be published in an Irish daily newspaper and, in addition to the foregoing, will be deemed validly given only after the date of such publication.

## 22. ROUNDING

For the purposes of any calculations referred to in the Conditions (unless otherwise specified in the Conditions or the applicable Issue Terms), (a) all percentages resulting from such calculations will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 per cent. rounded up to 0.00001 per cent.), (b) all U.S. Dollar amounts used in or resulting from such calculations will be rounded to the nearest cent (with one-half cent rounded upward), (c) all Japanese Yen amounts used in or resulting from such calculations will be rounded downward to the next lower whole Japanese Yen amount and (d) all amounts denominated in any other currency used in or resulting from such calculations will be rounded to the nearest two decimal places in such currency (with 0.005 rounded up to 0.01).

## 23. SUBSTITUTION

- 23.1 *Substitution of Issuer with Morgan Stanley group entities:* Subject to the conditions set out in this Condition 23 (*Substitution*), but without the consent of Securityholders, the Issuer may substitute Morgan Stanley or a subsidiary of Morgan Stanley in place of the Issuer as principal debtor under the Securities, provided that, unless Morgan Stanley is the substitute Issuer, any Securities in respect of which such a substitution is effected will be fully, unconditionally and irrevocably guaranteed pursuant to a guarantee of Morgan Stanley as to the payment of principal of, premium, interest and supplemental amounts, if any, and any additional amounts on those Securities when and as the same will become due and payable, whether at expiration, maturity or otherwise, and provided further that under the terms of the guarantee, Securityholders will not be required to exercise their remedies against the substitute prior to proceeding directly against Morgan Stanley (as guarantor).
- 23.2 *Substitution of Issuer or Guarantor with non Morgan Stanley group entities:* If this Condition 23.2 (*Substitution of Issuer or Guarantor with non Morgan Stanley group entities*) is specified in the relevant Issue Terms to be applicable, subject to the conditions set out in this Condition 23 (*Substitution*), but without the consent of Securityholders, the Issuer or the Guarantor may, in the event that the Issuer or the Guarantor (as the case may be) has determined that any of the following events has occurred in respect of the Issuer or the Guarantor (as the case may be): (i) an insolvency, receivership, resolution or equivalent event under a relevant jurisdiction; (ii) a divestment mandated for regulatory reasons; (iii) any action being required to satisfy licensing requirements; or (iv) a change of control, substitute for itself any entity which is not a Morgan Stanley group entity, provided that such entity has a long term credit rating from at least one rating agency of standard application on the international capital markets (including but not limited to Standard & Poor's, Moody's Investors Service and Fitch Ratings) which is at least as high as the Issuer or Guarantor (as the case may be) being substituted).
- 23.3 *Conditions to substitution:* Substitution of the Issuer or Guarantor for another entity (the "**Substitute**") as provided in Condition 23.1 (*Substitution of Issuer with Morgan Stanley group entities*) or 23.2 (*Substitution of Issuer or Guarantor with non Morgan Stanley group entities*) above (as applicable) are subject to the following conditions:

- (i) the Substitute becoming party to the Issue and Paying Agency Agreement with any appropriate consequential amendments, as if it had been an original party to it in place of the Issuer or the Guarantor (as the case may be);
- (ii) the Substitute is validly existing under the laws under which it is established or incorporated, has capacity to assume all rights, obligations and liabilities under the Securities and Guarantee, as applicable, and has obtained all necessary corporate authorisations to assume all such rights, obligations and liabilities under the Securities or Guarantee (as applicable);
- (iii) the Substitute has obtained all necessary governmental or regulatory approvals and consents for the performance by it of its obligations in connection with the Securities or Guarantee (as applicable) and that all such approvals and consents are in full force and effect;
- (iv) in the case of substitution of the Issuer or Guarantor pursuant to Condition 23.2 (*Substitution of Issuer or Guarantor with non Morgan Stanley group entities*) above only:
  - (a) the Substitute and the Issuer having obtained (1) legal opinions from independent legal advisors of recognised standing in the country of incorporation of the Substitute and in England that the obligations of the Substitute, in the case of a substitution of the Issuer, under the Securities and the relevant Deed of Covenant, or, in New York in the case of a substitution of the Guarantor under the Deed of Guarantee, are legal, valid and binding obligations of the Substitute and (2) a legal opinion from an independent legal adviser in New York, that the Deed of Guarantee will apply to the Substitute mutatis mutandis as it applies to the Issuer prior to the substitution and will constitute legal, valid and binding obligations of the Guarantor, in respect of the Substitute (provided that no opinion as referred to in this sub paragraph (iv) shall be required where the Substitute is the Guarantor);
  - (b) if the relevant Securities are rated at the relevant time, the Substitute has obtained, prior to the substitution date, a written confirmation from the relevant rating agencies that the substitution will not result in whole or part in a withdrawal, downgrading, placement in creditwatch or negative outlook of the Securities;
- (v) all consents and approvals as required have been obtained and that the Substitute and the Securities comply with all applicable requirements of the Securities Act;
- (vi) the Fiscal Agent has confirmed to the Issuer or Guarantor (as the case may be) that it has completed its relevant "know your customer" requirements on the proposed Substitute;
- (vii) such substitution is permitted by the rules of any stock exchange on which the Securities are listed and each such stock exchange has confirmed that (or has not indicated otherwise), following the proposed substitution of the Substitute, the Securities will continue to be listed on such stock exchange;
- (viii) no payment in respect of the Securities is overdue at the relevant time;
- (ix) at the time of any such substitution, the Substitute is in a position to fulfil all payment obligations arising from or in connection with the Securities in freely convertible and transferable lawful money without the necessity of any taxes or duties to be withheld at source (except for any type of withholding taxes that would have applied to payments by the Issuer if the substitution did not occur), and to transfer all amounts which are required therefor to the Fiscal Agent without any restrictions; and

- (x) if appropriate, the Substitute appointing a process agent as its agent in England to receive service of process on its behalf in relation to any legal action or proceedings arising out of or in connection with the Securities.

23.4 *Reference in the Conditions to the Issuer or the Guarantor (as the case may be):* In the event of a substitution pursuant to this Condition 23 (*Substitution*), any reference in the Conditions to the Issuer or the Guarantor (as the case may be) shall be construed as a reference to the entity substituted.

23.5 *Notification to Securityholders:* The Issuer or the Guarantor (as the case may be) shall as soon as reasonably practicable notify Securityholders of the substitution in accordance with Condition 21 (*Notices*).

23.6 *Right to redemption in respect of substitutions with non Morgan Stanley group entities:*

- (i) With respect to the right of substitution referred to in Condition 23.2 (*Substitution of Issuer or Guarantor with non Morgan Stanley group entities*), the Issuer shall provide no less than 60 calendar days' notice of any substitution under such Condition to Securityholders in accordance with Condition 21 (*Notices*). Securityholders who object to the substitution will have the right to require the Issuer to redeem their Securities at a price determined in accordance with the provisions of this Condition 23 (*Substitution*), by providing notice of their intention to exercise such right in the manner set out in this Condition 23 (*Substitution*) (the "**Right to Redemption**").
- (ii) The redemption of any Securities in respect of which the Right to Redemption has been exercised by a Securityholder shall take place one Business Day prior to the relevant substitution becoming effective (the "**Substitution Redemption Date**"). The Issuer shall redeem any Securities in respect of which the Right to Redemption has been exercised at the fair market value of such Securities on the day on which the relevant Right to Redemption Notice is delivered, in accordance with the provisions of this Condition 23.6 (*Right to redemption in respect of substitutions with non Morgan Stanley group entities*), as determined by the Determination Agent in its sole and absolute discretion, together with interest (if any) accrued to such date.
- (iii) In order to exercise the option contained in this Condition 23.6 (*Right to redemption in respect of substitutions with non Morgan Stanley group entities*) the holder of a Security must, not less than 10 Business Days before the date on which the substitution is due to take place (the "**Substitution Date**"), deposit such Security with the Registrar or any Paying Agent, and deliver a duly completed Right to Redemption Notice in the form obtainable from any Paying Agent to the Fiscal Agent or any Paying Agent. The Fiscal Agent or Paying Agent with which a Security is so deposited shall deliver a duly completed Right to Redemption Receipt to the depositing Securityholder. For so long as any outstanding Security is held by the Fiscal Agent or a Paying Agent in accordance with this Condition 23 (*Substitution*) the depositor of such Security and not such Paying Agent shall be deemed to be the Securityholder for all purposes.
- (iv) Any payments made to Securityholders in accordance with this Condition 23 (*Substitution*) shall be made in accordance with the provisions of Condition 8 (*Payments*).

*Tax consequences of substitution:* If the Issuer substitutes an entity in place of the Issuer as principal debtor under the Securities, the tax consequences (including the withholding tax consequences) of holding the Securities may change. Except as otherwise set out in the applicable Issue Terms, if withholding is required on the Securities, the Issuer will not be required to pay any additional amounts.

## 24. GOVERNING LAW AND JURISDICTION

- 24.1 *Governing law:* The Securities and any non-contractual obligations arising out of or in connection with the Securities are governed by, and shall be construed in accordance with, English law.
- 24.2 *Jurisdiction:* The Issuer agrees for the benefit of the Securityholders that the English courts have exclusive jurisdiction to hear and determine any suit, action or proceedings, and to settle any disputes, which, in each case, may arise out of or in connection with the Securities (including any disputes relating to the existence, validity, interpretation, performance, breach or termination of the Securities or the consequences of its nullity and any non-contractual obligations arising out of or in connection with the Securities) (respectively, "**Proceedings**" and "**Disputes**") and, for such purposes, irrevocably submits to the exclusive jurisdiction of such courts.
- 24.3 *Appropriate forum:* The Issuer irrevocably waives any objection which it might now or hereafter have to the English courts being nominated as the forum to hear and determine any Proceedings and to settle any Disputes, and agrees not to claim that any such court is not a convenient or appropriate forum.
- 24.4 *Process agent:* The Issuer agrees that the process by which any Proceedings in England are begun may be served on it by being delivered to Morgan Stanley & Co. International plc, 25 Cabot Square, Canary Wharf, London E14 4QA or, if different, its registered office for the time being or at any address of the Issuer in England at which process may be served on it in accordance with Part 34 of the Companies Act 2006. If such Person is not or ceases to be effectively appointed to accept service of process on the Issuer's behalf, the Issuer shall, on the written demand of any Securityholder addressed to the Issuer and delivered to the Issuer or to the Specified Office of the Fiscal Agent, appoint a further Person in England to accept service of process on its behalf and, failing such appointment within 15 calendar days, any Securityholder shall be entitled to appoint such a Person by written notice addressed to the Issuer and delivered to the Issuer or to the Specified Office of the Fiscal Agent. Nothing in this Condition 24.4 (*Process agent*) shall affect the right of any Securityholder to serve process in any other manner permitted by law.
- 24.5 *Non-exclusivity:* The submission to the jurisdiction of the English courts shall not (and shall not be construed so as to) limit the right of any Securityholder to take Proceedings in any other court of competent jurisdiction, nor shall the taking of Proceedings in any one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not) if and to the extent permitted by law.

## 25. RIGHTS OF THIRD PARTIES

No person shall have any right to enforce any term or condition of the Securities under the Contracts (Rights of Third Parties) Act 1999.

**PRO FORMA FINAL TERMS FOR NON-EXEMPT SECURITIES**

**Final Terms dated [●]**

**Series Number: [●]**

**[Reg S ISIN: [●]]**

**Tranche: [●]**

**[Reg S Common Code: [●]]**

**[144A ISIN: [●]]**

**[144A Common Code: [●]]**

Morgan Stanley B.V.

Legal Entity Identifier (LEI): KG1FTTDCK4KNVM3OHB52

Issue of [Aggregate Nominal Amount or number of Securities of Tranche] [Title of Securities]<sup>1</sup>

Guaranteed by Morgan Stanley

under the Program for the Issuance of Notes, Certificates and Warrants

Any person making or intending to make an offer of the Securities may only do so in circumstances in which no obligation arises for the Issuer or any Distribution Agent to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or to supplement a prospectus pursuant to Article 23 of the Prospectus Regulation, in each case, in relation to such offer.

Neither the Issuer nor any Distribution Agent has authorised, nor do they authorise, the making of any offer of Securities in any other circumstances.

"**Prospectus Regulation**" means Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 as amended from time to time.

**PART A – CONTRACTUAL TERMS**

THE SECURITIES AND THE GUARANTEE IN RESPECT THEREOF HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**") OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. NEITHER THE ISSUER NOR THE GUARANTOR IS REGISTERED, OR WILL REGISTER, UNDER THE U.S. INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE "**INVESTMENT COMPANY ACT**"). THE SECURITIES DO NOT CONSTITUTE, AND HAVE NOT BEEN MARKETED AS, CONTRACTS OF SALE OF A COMMODITY FOR FUTURE DELIVERY (OR OPTIONS THEREON) SUBJECT TO THE U.S. COMMODITY EXCHANGE ACT OF 1936, AS AMENDED (THE "**COMMODITY EXCHANGE ACT**"), AND TRADING IN THE SECURITIES HAS NOT BEEN APPROVED BY THE U.S. COMMODITY FUTURES TRADING COMMISSION UNDER THE COMMODITY EXCHANGE ACT.

*[If Securities are offered under Regulation S only, insert:*

SUBJECT TO CERTAIN EXCEPTIONS, THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS.

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<sup>1</sup> Include for tap increases

SEE "*SUBSCRIPTION AND SALE AND TRANSFER RESTRICTIONS*" IN THE BASE PROSPECTUS. IN PURCHASING THE SECURITIES, PURCHASERS WILL BE DEEMED TO REPRESENT AND WARRANT THAT THEY ARE NEITHER LOCATED IN THE UNITED STATES NOR A U.S. PERSON AND THAT THEY ARE NOT PURCHASING FOR, OR FOR THE ACCOUNT OR BENEFIT OF, ANY U.S. PERSON.]

*[If Securities are offered under both Rule 144A and Regulation S, insert:*

INTERESTS IN THIS SECURITY MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (1) IN ACCORDANCE WITH RULE 144A UNDER THE SECURITIES ACT ("**RULE 144A**") TO A PERSON WHO TAKES DELIVERY IN THE FORM OF AN INTEREST IN A RESTRICTED GLOBAL SECURITY THAT THE HOLDER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVE IS A QUALIFIED INSTITUTIONAL BUYER ("**QIB**") WITHIN THE MEANING OF RULE 144A THAT IS ALSO A QUALIFIED PURCHASER ("**QP**"), AS DEFINED IN SECTION 2(a)(51) OF THE INVESTMENT COMPANY ACT AND THE RULES THEREUNDER, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QIBS EACH OF WHICH IS ALSO A QP, WHOM THE HOLDER HAS INFORMED, IN EACH CASE, THAT SUCH OFFER, SALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, AND IN A NOMINAL AMOUNT OR PURCHASE PRICE FOR EACH ACCOUNT OF NOT LESS THAN U.S.\$100,000 OR (2) TO A PERSON THAT IS NOT A U.S. PERSON (WITHIN THE MEANING OF REGULATION S) WHO TAKES DELIVERY IN THE FORM OF AN INTEREST IN AN UNRESTRICTED GLOBAL SECURITY IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S, AND, IN EACH CASE IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES AND ANY OTHER APPLICABLE JURISDICTION.

SEE "*SUBSCRIPTION AND SALE AND TRANSFER RESTRICTIONS*" IN THE BASE PROSPECTUS. IN PURCHASING THE SECURITIES, PURCHASERS WILL BE DEEMED TO REPRESENT AND WARRANT, AMONG OTHERS, THAT (A)(I) THEY ARE NEITHER LOCATED IN THE UNITED STATES NOR A U.S. PERSON AND (II) THAT THEY ARE NOT PURCHASING FOR, OR FOR THE ACCOUNT OR BENEFIT OF, ANY U.S. PERSON OR (B)(I) THEY ARE A QIB/QP, (II) ARE ACTING FOR THEIR OWN ACCOUNT OR FOR ONE OR MORE ACCOUNTS, EACH OF WHICH IS A QIB/QP, (III) WILL PROVIDE NOTICE OF THE TRANSFER RESTRICTIONS APPLICABLE TO THE SECURITIES TO ANY SUBSEQUENT TRANSFEREE (WHICH TRANSFEREE SHALL BE DEEMED TO MAKE THE SAME REPRESENTATIONS HEREIN), (IV) THEY WILL, ALONG WITH EACH ACCOUNT FOR WHICH THEY ARE PURCHASING, HOLD AND TRANSFER BENEFICIAL INTERESTS IN THE SECURITIES IN AN AGGREGATE PRINCIPAL AMOUNT THAT IS NOT LESS THAN THE MINIMUM DENOMINATION OF THE SECURITIES AND (V) ARE AWARE, AND EACH BENEFICIAL OWNER OF THE SECURITIES HAS BEEN ADVISED, THAT THE SALE OF THE SECURITIES TO IT IS BEING MADE IN RELIANCE ON RULE 144A.

As used herein, "**U.S. person**" means (i) an individual who is a citizen or resident of the United States; (ii) a corporation, partnership or other entity treated as a corporation or partnership for United States federal income tax purposes, created or organised in or under the laws of the United States, any State thereof or the District of Columbia, or which has its principal place of business in the United States; (iii) any estate or trust which is subject to United States federal income taxation regardless of the source of its income; (iv) any trust if a court within the United States is able to exercise primary supervision over the administration of the trust and if one or more United States trustees have the authority to control all substantial decisions of the trust (or any trust which elected to be treated as a United States person prior to 20 August 1996); (v) a pension plan for the employees, officers or principals of a corporation, partnership or other entity described in (ii) above; or (vi) any other "U.S. person" as such term may be defined in Regulation S under the Securities Act or in the Final Exemptive Order Regarding Compliance with Certain Swap Regulations, as amended from time to time, promulgated by the U.S. Commodity Futures Trading Commission under the Commodity Exchange Act.

This document constitutes Final Terms relating to the issue of Securities described herein. Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 20 July 2021 [and the supplemental Base Prospectus dated [●]] which [together] constitute[s] a base prospectus (the "**Base Prospectus**"). This document constitutes the Final Terms of the Securities described herein for the purposes of the Prospectus Regulation and must be read in conjunction with such Base Prospectus [as so supplemented]. Full information on the Issuer and the offer of the Securities is only available on the basis of the combination of these Final Terms and the Base Prospectus. [An issue specific summary of the Securities (which comprises the summary in the Base Prospectus as amended to reflect the provisions of these Final Terms) is annexed to these Final Terms.][*specify unless minimum nominal amount or Issue Price is equal to or greater than EUR 100,000 (or its equivalent in another currency)*] [The Base Prospectus [and the supplemental Base Prospectus] and Final Terms [is] [are] available for viewing at [address] [and] [website] and copies may be obtained from [address].]

**[PROHIBITION OF SALES TO EEA RETAIL INVESTORS:**

THE SECURITIES ARE NOT INTENDED TO BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO AND SHOULD NOT BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO ANY RETAIL INVESTOR IN THE EUROPEAN ECONOMIC AREA (THE "**EEA**"). FOR THESE PURPOSES, A RETAIL INVESTOR MEANS A PERSON WHO IS ONE (OR MORE) OF:

- (A) A RETAIL CLIENT AS DEFINED IN POINT (11) OF ARTICLE 4(1) OF DIRECTIVE 2014/65/EU, AS AMENDED ("**MIFID II**");
- (B) A CUSTOMER WITHIN THE MEANING OF DIRECTIVE 2016/97/EC (THE "**INSURANCE DISTRIBUTION DIRECTIVE**"), AS AMENDED, WHERE THAT CUSTOMER WOULD NOT QUALIFY AS A PROFESSIONAL CLIENT AS DEFINED IN POINT (10) OF ARTICLE 4(1) OF MIFID II; OR
- (C) NOT A QUALIFIED INVESTOR AS DEFINED IN REGULATION (EU) 2017/1129, AS AMENDED (THE "**PROSPECTUS REGULATION**").

CONSEQUENTLY NO KEY INFORMATION DOCUMENT REQUIRED BY REGULATION (EU) NO 1286/2014, AS AMENDED (THE "**PRIIPS REGULATION**") FOR OFFERING OR SELLING THE SECURITIES OR OTHERWISE MAKING THEM AVAILABLE TO RETAIL INVESTORS IN THE EEA HAS BEEN PREPARED AND THEREFORE OFFERING OR SELLING THE SECURITIES OR OTHERWISE MAKING THEM AVAILABLE TO ANY RETAIL INVESTOR IN THE EEA MAY BE UNLAWFUL UNDER THE PRIIPS REGULATION.]<sup>2</sup>

**[MIFID II PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ECPS ONLY TARGET MARKET:**

SOLELY FOR THE PURPOSES OF THE MANUFACTURER'S PRODUCT APPROVAL PROCESS, THE TARGET MARKET ASSESSMENT IN RESPECT OF THE SECURITIES HAS LED TO THE CONCLUSION THAT:

- (A) THE TARGET MARKET FOR THE SECURITIES IS ELIGIBLE COUNTERPARTIES AND PROFESSIONAL CLIENTS ONLY, EACH AS DEFINED IN MIFID II; AND
- (B) ALL CHANNELS FOR DISTRIBUTION OF THE SECURITIES TO ELIGIBLE COUNTERPARTIES AND PROFESSIONAL CLIENTS ARE APPROPRIATE.

ANY PERSON SUBSEQUENTLY OFFERING, SELLING OR RECOMMENDING THE SECURITIES (A "**DISTRIBUTOR**") SHOULD TAKE INTO CONSIDERATION THE MANUFACTURER'S TARGET

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<sup>2</sup> This legend is not required if "Prohibition of Sales to EEA Retail Investors" (see Part B, Para 6) is specified as being "Not Applicable". This legend will be required if "Prohibition of Sales to EEA Retail Investors" is specified as being "Applicable" (See Part B, Para 6).



MARKET ASSESSMENT; HOWEVER, A DISTRIBUTOR SUBJECT TO MIFID II IS RESPONSIBLE FOR UNDERTAKING ITS OWN TARGET MARKET ASSESSMENT IN RESPECT OF THE SECURITIES (BY EITHER ADOPTING OR REFINING THE MANUFACTURER'S TARGET MARKET ASSESSMENT) AND DETERMINING APPROPRIATE DISTRIBUTION CHANNELS.]

### **Information Concerning Investment Risk**

Securityholders and prospective purchasers of Securities should ensure that they understand the nature of the Securities and the extent of their exposure to risk and that they consider the suitability of the Securities as an investment in the light of their own circumstances and financial conditions. An investment in the Securities entails risks not associated with investments in a conventional security, such as are described in the section entitled "*Risks associated with the Securities generally*" on pages 16 to 24 of the Base Prospectus. The performance of the Underlying (as defined herein) will affect the nature and value of the investment return on the Securities. Securityholders and prospective purchasers of Securities should conduct their own investigations and, in deciding whether or not to purchase Securities, prospective purchasers should form their own views of the merits of an investment related to the Underlying based upon such investigations.

Given the highly specialised nature of these Securities, the Issuer, the Guarantor and the Distribution Agent consider that they are only suitable for sophisticated investors who are able to determine for themselves the risk of an investment linked to the Underlying and who are able to bear the loss of any amount invested. Consequently, if you are not such an investor you should not consider purchasing these Securities without taking detailed advice from a specialised professional adviser.

Prospective purchasers should note the section entitled "*United States Taxation*" set out on pages 129 to 134 of the Base Prospectus. Prospective purchasers are hereby notified that sellers of the Securities are relying on exemptions from provisions of the Securities Act.

Morgan Stanley and/or any of its affiliates are not qualified to give legal, tax or accounting advice to their clients and do not purport to do so in this document. **Prospective investors are urged to seek the advice of their own professional advisors about the consequences of the proposals contained herein.**

U.S. Treasury Circular 230 Notice – Morgan Stanley does not render advice on tax and tax accounting matters to its clients. This material was not intended or written to be used, and it cannot be used by any taxpayer, for the purpose of avoiding penalties that may be imposed on the taxpayer under U.S. federal tax laws.

*[The following alternative language applies if the first tranche of an issue which is being increased was issued under a Base Prospectus with an earlier date]*

Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions of the Securities (the "**Conditions**") set forth in the Base Prospectus dated [*original date*] [and as amended by the supplemental Base Prospectus dated [●]] which are incorporated by reference in the Base Prospectus dated 20 July 2021. This document constitutes the Final Terms of the Securities described herein for the purposes of the Prospectus Regulation and must be read in conjunction with the Base Prospectus dated 20 July 2021 [and the supplemental Base Prospectus dated [●]], which [together] constitute[s] a base prospectus for the purposes of the Prospectus Regulation. Full information on the Issuer and the offer of the Securities is only available on the basis of the combination of these Final Terms and the Base Prospectus dated 20 July 2021 [and the supplemental Base Prospectuses dated [●] and [●]]. [A summary of the Securities (which comprises the summary in the Base Prospectus as completed to reflect the provisions of these Final Terms) is annexed to these Final Terms.][*specify unless minimum Nominal Amount or Issue Price of Warrants or Certificates is equal to or greater than EUR 100,000 (or its equivalent in another currency)*] [The Base Prospectus [and the supplemental Base Prospectuses] [is][are] available for viewing during normal business hours at [*address*] [and] [*website*] and copies may be obtained from [*address*].

## Pro Forma Final Terms for Non-Exempt Securities

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*[Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or sub-paragraphs. Italics denote guidance for completing the Final Terms.]*

*[When electing a payment option, please follow the prompts and insert the relevant highlighted language in respect of that payment option. Language relating to other payment options should be deleted]*

1. (i) Issuer: Morgan Stanley B.V.

(ii) Guarantor: Morgan Stanley

2. (i) Series Number: [●]

(ii) [Tranche Number: [●]

*(If fungible with an existing Series, insert details of that Series, including the date on which the Securities become fungible.)*

3. Type: [Index/Share][Basket] [Warrants/Certificates/Notes] [and KSA Securities]

4. (i) Issue Date: [●]

(ii) Trade Date [●]

5. Specified Currency or Currencies: [●]

6. Aggregate Nominal Amount or [Aggregate Nominal Amount] of Securities is [●]  
number of Securities:

[Aggregate number of Securities is [●]] Securities]

(i) Series: [●]

(ii) Tranche: [●]

7. Nominal Amount per Security: [●] [Not Applicable]

*[N.B. Applicable in the case of Notes and in the case of Notes listed on a regulated market, the minimum Nominal Amount per Security must be at least EUR 1,000 or its equivalent]*

8. Issue Price: [[●] per cent. of the Nominal Amount]

[●]

### **PROVISIONS RELATING TO THE UNDERLYING, VALUATION AND ADJUSTMENTS**

9. Underlying: [●]

*Insert and complete:*

*For Shares:*

Pro Forma Final Terms for Non-Exempt Securities

Share	Share Issuer	ISIN (where applicable)	Bloomberg Code (where applicable)	Weighting (where applicable)
[e.g. "ordinary shares"]	[name]	[●]	[●]	[●]
[●]	[●]	[●]	[●]	[●]

*For Indices:*

Index	Multi-exchange Index	Weighting (where applicable)
[●]	[Yes/No]	[●]

10. (i) Valuation Date: [The Valuation Date will be [] [[Business Day]/[Scheduled Trading Day] following] [the Exercise Date] [or, for each Security deemed to have been exercised in accordance with Condition 6.3 (*Deemed Exercise*), the Expiration Date]] [*specify if American Style Securities and Deemed Exercise is Applicable. Specify this for payouts 1, 2, 3, 4, 5 and 6.*]
- [The Valuation Date will be []/[the Exercise Date]/[the Expiration Date].]
- (ii) Initial Valuation Date: [●], which shall be a Scheduled Valuation Date for the purposes of Condition 9.1 (*Disruption*)
11. Averaging Date Disruption: [Omission/Postponement/Modified Postponement] [Not Applicable] [*N.B. specify if payment option 3 applies*]
12. Valuation Time: [●] [As set out in the Conditions]
13. Averaging Dates: [●] [Not Applicable]
14. Exchange: [Condition 2 applies] [●]
15. Related Exchange: [All Exchanges] [●]
16. Business Day Convention: [Following Business Day Convention]
- [Modified Business Day Convention]
- [Nearest]
- [Preceding Business Day Convention]
- [No Adjustment]
17. Benchmark Trigger Provisions: [Applicable] / [Not Applicable]

*If not applicable, delete the remaining sub-paragraph of this paragraph.*

- (i) Alternative Pre-nominated Index: [None] / [specify in respect of each Index]

**PROVISIONS RELATING TO DISTRIBUTION AMOUNT(S) (IF ANY) PAYABLE**

18. Distribution Provisions: [Applicable]/[Not Applicable]

*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

- (i) Distribution Commencement Date: [Issue Date/Initial Valuation Date][Not Applicable]

- (ii) Distribution Date(s): Valuation [[●] [and for the purpose of any subsequent distribution if any, the relevant Ex-Dividend Date in respect of the Shares]]

[The day on which the Determination Agent determines the Relevant Payment (as defined below) would be received by a Shareholder resident in such jurisdiction as the Determination Agent may determine to be relevant to the Issuer or its agent(s) or Affiliate(s) for hedging purposes in respect of the Securities.]

[Not Applicable]

- (iii) Distribution Payment Date(s): [[●] [adjusted in accordance with the Business Day Convention]

[The [●] Business Day following the Distribution Valuation Date.] [include for payment options 2 and 4]

*(N.B. Consider also rolling provisions to take account of any delay to a Distribution Valuation Date pursuant to Condition 9 (Adjustment Provisions))*

- (iv) Distribution Amount[(s)]: [In respect of any dividend payment (or part thereof) for one Share [comprised in the Basket] (a "**Relevant Payment**") for which the Ex-Dividend Date falls within the Reference Period [(other than an Extraordinary Dividend, or part thereof)], [[●] per cent. of] the amount of such Relevant Payment [converted into the Specified Currency at the Spot Rate at or about [●] [a.m./p.m.] ([●] time) on [the Business Day following] the Distribution Valuation Date] minus all Relevant Deductions.]

[Specify for payment options 2 and 4]

[Net Yield]

[Not Applicable]

*(For the avoidance of doubt, a distribution shall only be regarded as having been "paid" if a Saudi Arabia resident corporate holder of the Underlying would have received the relevant distribution within the required timeframe)*

- (v) Minimum Distribution Amount:  [insert] [Not Applicable]
- (vi) Maximum Distribution Amount:  [insert] [Not Applicable]
- (vii) Distribution Record Date:  [Distribution Valuation Date][specify for payment option 2 and payment option 3]  [Not Applicable]

**PROVISIONS RELATING TO SHARE DETERMINATIONS**

19. Additional Weighting: Outperformance  [[●] per cent.][Not Applicable]
20. Net Yield Weighting:  [[●] per cent.][Not Applicable] *[specify in respect of each Basket component where applicable]*
21. Outperformance Weighting:  [[●] per cent.][Not Applicable] *[specify in respect of each Basket component where applicable]*
22. Additional Outperformance Period: [From and including the [Issue Date/specify date] to but excluding the [Final Valuation Date/specify date]]  [Not Applicable]
23. Reference Period: [From but excluding the [Initial Valuation Date/specify date] to and including the [Expiration Date/specify date]][Not Applicable]
24. Extraordinary Dividend: [Applicable][,provided an Extraordinary Dividend must be in cash form][specify for payment option 3]/[Not Applicable]
25. Relevant Deduction: [Applicable]/[Not Applicable]

*(For the avoidance of doubt, deduction should include any tax imposed on or withheld from any income or gain in respect of the hedge position of the Issuer (or its affiliate, as the case may be) by the Kingdom of Saudi Arabia or any governmental authority or political subdivision thereof or therein)*

26. Final Valuation Date:  [As defined in Condition 2.1]

**PROVISIONS RELATING TO EXERCISE, REDEMPTION AND TERMINATION**

27. Notice period for Condition 6.7 and 6.9 Minimum period:  days Maximum period:  days
28. Exercise [Applicable]/[Not Applicable]

*(This is only applicable for Certificates and Warrants. If not applicable, delete the remaining sub-paragraphs of this paragraph)*

- (i) Exercise Style: [European/American/Bermudan Style] Securities  
*(If "European", consider whether any Break Fee is applicable)*
- (ii) Deemed Exercise: [Applicable]/[Not Applicable]
- (iii) Call/Put: [[Call/Put] Warrants] [Not Applicable]
- (iv) Exercise Date or Potential Exercise Date(s): [The [potential] exercise date[s] of the [Warrants][Certificates] [is] [are] [●]. *N.B. only single Exercise Date in relation to European Style Securities. For American Style Securities specify: the provisions of Condition 2 apply.*
- (v) Exercise Period: The exercise period of the [Warrants][Certificates] is [from (and including) [the Issue Date/Commencement Date/specify other] up to (and excluding) [the Expiration Date] *[insert date]*], or if either day is not an Exercise Business Day, the immediately [succeeding] [preceding] Exercise Business Day]]. *[N.B. only applicable in relation to American Style Securities]*  
[Not Applicable]
- (vi) Commencement Date [●] [Not Applicable]
- (vii) Exercise Business Day: [Includes/Excludes] a Scheduled Trading Day [and an Exchange Business Day]
- (viii) Latest Exercise Time: [Condition 2 applies] *[insert other time in relevant place(s)]*
- (ix) Expiration Date: [●]
- (x) Minimum Exercise Amount: [●] [Not Applicable]
- (xi) Maximum Exercise Amount: [●] [Not Applicable]
- (xii) Permitted Multiple: [●] [Not Applicable]
- (xiii) Cash Settlement Amount of each Security: [An amount determined by the Determination Agent equal to [in respect of each Share comprised in the Basket the sum of] (i) the Reference Value of the Underlying as of the Valuation Time on the Valuation Date plus (ii) the Net Yield plus (iii) the Outperformance. Relevant Deduction applies for these purposes]. *[specify for payment option 1 and 5]*  
  
[An amount determined by the Determination Agent equal to the Reference Value of the Underlying as of the Valuation Time on the Valuation Date [multiplied by

[●]calculated in [*specify currency*] and converted into the Specified Currency at the Spot Rate at or about [●] [a.m./p.m.] ([●] time) on the Valuation Date [*specify for payout 2 and 6*]

[An amount determined by the Determination Agent equal to (A) the Reference Value of the Underlying as of the Valuation Time on the Valuation Date calculated in [*specify currency*] [and converted into the Specified Currency at the Spot Rate at or about [●] [a.m./p.m.] ([●] time) on the Valuation Date] plus (B) Payment Option 3 Outperformance plus (C) the Net Yield. Relevant Deduction applies for these purposes] [*specify for payment option 3*]

[The Reference Value as of the Valuation Time on the Valuation Date][*specify for payment option 4*]

- (A) Reference Value: [As set out in the Conditions]
- (B) Strike Value (for Warrants only): [●] [Not Applicable]
- (C) Settlement Value:<sup>3</sup> [●] [Not Applicable]
- (D) Hedging Realisation Price: [Applicable]/[Not Applicable]
- (E) Rate: [●] per cent.[*specify for payment option 3*]
- (xiv) Cash Settlement Payment Date: [(i) Upon Deemed Exercise, [●] [or if later [●] Business Days after the Valuation Date] or (ii) in all other cases, [[●] Business Days after the Valuation Date] [, provided that such date shall be no less than 35 calendar days after the Exercise Date]
- (xv) Maximum Cash Settlement Amount: [●] [Not Applicable]
- (xvi) Break Fee: [●] [[●] per cent. of the Cash Settlement Amount] [Not Applicable] (*express as amount per Security*)
29. Redemption: [Applicable]/[Not Applicable]
- (This is only applicable for Notes. If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Final Redemption Amount: [●]
- (A) Reference Value: [●]
- (B) Settlement Value: [●] [Not Applicable]

<sup>3</sup> Where "Averaging Dates" are used.

(C) Hedging Realisation Price: [Applicable]/[Not Applicable]

(ii) Maturity Date: [●]

**PROVISIONS RELATING TO EARLY TERMINATION AND DISRUPTION**

30. Issuer's Call Option: [Applicable]/[Not Applicable]

*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

(i) Optional Termination Date (Call): [As set out in the Conditions] [*Specify other date*]

(ii) Issuer Call Notice Period: Minimum period: [●] days  
Maximum period: [●] days

*[N.B. Not to be less than 35 calendar days]*

(iii) Optional Termination Amount (Call): [As set out in the Conditions] [*specify other amount*]

(iv) Break Fee: [●] [[●] per cent. of the Optional Termination Amount]  
[Not Applicable] (*express as amount per Security*)

31. Investor Put Option: [Applicable]/[Not Applicable]

*(This will never be applicable for Certificates or Warrants. If not applicable, delete the remaining sub-paragraphs of this paragraph)*

(i) Optional Termination Date (Put): [As set out in the Conditions] [*Specify date*]

(ii) Investor Put Notice Period: [The period from and including the date on which the relevant Put Notice is deemed validly given to both the Paying Agent, Fiscal Agent or any Transfer Agent (as applicable) and the Determination Agent (in accordance with Condition 21 (*Notices*)) to and including the day falling [●] Business Days thereafter [*N.B. Not to be less than thirty five (35) calendar days*]]

(iii) Optional Termination Amount (Put): As set out in the Conditions

(iv) Break Fee: [●] [[●] per cent. of the Optional Termination Amount]  
[Not Applicable] (*express as amount per Security*)

32. Additional Disruption Event: [Change in Law, Hedging Disruption, Increased Cost of Hedging, Loss of Stock Borrow]

33. Inconvertibility Event Provisions: [Applicable]/[Not Applicable]



*If not applicable, delete the remaining sub-paragraphs of this paragraph.*

- (i) Early Termination: [Applicable]/[Not Applicable]
- (ii) Suspended Payment: [Applicable]/[Not Applicable]
- (iii) Inconvertibility Early Termination Amount: [[●]/Early Termination Amount/Fair market value]
- (iv) Early Termination Relevant Currency Amount: [●][Not Applicable]
- (v) Inconvertibility Specified Currency: [●]
- (vi) Relevant Currency: [●]
- (vii) Relevant Jurisdiction: [●]

#### **GENERAL PROVISIONS APPLICABLE TO THE SECURITIES**

- 34. Form of Securities: Unrestricted Global Security [and Restricted Global Security], exchangeable for Individual Registered Instruments only in circumstances specified in the relevant Global Security
- 35. Financial Centre(s): *[N.B. Must specify relevant Financial Centre(s) for the purposes of the definitions of "Business Day" and "Payment Business Day"]*
- 36. Consolidation provisions: [Not Applicable/The provisions in Condition [20 (*Further Issues*)]<sup>4</sup>apply]
- 37. Clearance System: [Euroclear and Clearstream, Luxembourg]/[DTC]
- 38. Determination Agent: [Morgan Stanley & Co. International plc]/[insert name of other entity]
- 39. Implementation of Financial Transaction Tax: [Applicable]/[Not Applicable]
- 40. Substitution of Issuer or Guarantor with non-Morgan Stanley Group Entity (Condition 23.2): [Applicable]/[Not Applicable]

#### **DISTRIBUTION**

- 41. Method of distribution: [Syndicated/Non-syndicated]

<sup>4</sup> If the form of Conditions being used is from a previous Base Prospectus, check the correct numbering and name of the corresponding clause in those terms and conditions.

42. If syndicated, names [and addresses]<sup>5</sup> [Not Applicable/give names[, addresses and of [Distribution Agents] [and underwriting commitments]<sup>7</sup> underwriting commitments]<sup>6</sup> [(Include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses of the entities agreeing to place the issue without a firm commitment or on a "best efforts" basis if such entities are not the same as the Distribution Agents.)]<sup>8</sup>
- (i) [Date of [Subscription] [●]]<sup>9</sup> Agreement:
- (ii) Stabilising Manager(s) (if [Not Applicable/give name] any):
43. If non-syndicated, name [and address] [Not Applicable/give name [and address]]<sup>11</sup> of [Distribution Agents]:<sup>10</sup>
44. [Total commission and concession: [●] per cent. of the Aggregate Nominal Amount]<sup>12</sup>

#### **[LISTING AND ADMISSION TO TRADING APPLICATION]**

These Final Terms comprise the final terms required for issue and admission to trading on the [[regulated market][Global Exchange Market] of Euronext Dublin][●] of the Securities described herein pursuant to the Program for the Issuance of Notes, Certificates and Warrants by Morgan Stanley B.V.

#### **RESPONSIBILITY**

The Issuer accepts responsibility for the information contained in these Final Terms. [[*Relevant third party information*] has been extracted from [*specify source*]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by [*specify source*], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of the Issuer:

By: .....

**Duly authorised**

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<sup>5</sup> Delete for Securities with a nominal amount or Issue Price per Security of EUR100,000 or more  
<sup>6</sup> Delete for Securities with a nominal amount or Issue Price per Security of EUR100,000 or more  
<sup>7</sup> Delete for Securities with a nominal amount or Issue Price per Security of EUR100,000 or more  
<sup>8</sup> Delete for Securities with a nominal amount or Issue Price per Security of EUR100,000 or more  
<sup>9</sup> Delete for Securities with a nominal amount or Issue Price per Security of EUR100,000 or more  
<sup>10</sup> Delete for Securities with a nominal amount or Issue Price per Security of EUR100,000 or more  
<sup>11</sup> Delete for Securities with a nominal amount or Issue Price per Security of EUR100,000 or more  
<sup>12</sup> Delete for Securities with a nominal amount or Issue Price per Security of EUR100,000 or more

**PART B – OTHER INFORMATION**

**2. LISTING AND ADMISSION TO TRADING**

- (i) Listing: [Euronext Dublin/None]
- (ii) Admission to trading: [Application has been made for the Securities to be admitted to trading on Euronext Dublin with effect from [●].] [Not Applicable.]
- (iii) [Estimate of total expenses related to admission to trading: [●]]<sup>13</sup>

**2. RATINGS**

Credit ratings assigned to [the Guarantor] [the Securities]: [None] [The Securities to be issued have been rated:]

[S & P: [●]]

[Moody's: [●]]

[Fitch: [●]]

[DBRS: [●]]

[R&I: [●]]

[The Securities to be issued [[have been]/[are expected to be]] rated [insert details] by [insert legal names of relevant CRA(s)].]

**EITHER** [[Insert the legal name of the relevant CRA entity] is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended). [As such [insert the legal name of the relevant CRA entity] is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with such Regulation.]]

**OR** [Insert the legal name of the relevant non-EU CRA entity] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the "**CRA Regulation**"). The ratings have been endorsed by [insert the legal name of the relevant EU-registered CRA entity] in accordance with the CRA Regulation. [Insert the legal name of the relevant EU-registered CRA entity] is established in the European Union and registered under the CRA Regulation. [As such [insert the legal name of the relevant EU CRA entity] is included in the list of credit

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<sup>13</sup>

Delete for Securities with a nominal amount per Security or Issue Price of less than EUR100,000

rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation].] The European Securities Markets Authority has indicated that ratings issued in [Japan/Australia/the USA/Canada/Hong Kong/Singapore/Argentina/Mexico (*delete as appropriate*)] which have been endorsed by [*insert the legal name of the relevant EU CRA entity that applied for registration*] may be used in the EU by the relevant market participants.]

**OR** [*Insert the legal name of the relevant non-EU CRA entity*] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the "**CRA Regulation**"), but it [is]/[has applied to be] certified in accordance with the CRA Regulation[[*EITHER:*] and it is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation] [[*OR:*] although notification of the corresponding certification decision has not yet been provided by the European Securities and Markets Authority and [*insert the legal name of the relevant non-EU CRA entity*] is not included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation].]

**OR** [*Insert the legal name of the relevant CRA entity*] is established in the European Union and has applied for registration under Regulation (EC) No. 1060/2009 (as amended), although notification of the corresponding registration decision has not yet been provided by the European Securities and Markets Authority [ and [*insert the legal name of the relevant CRA entity*] is not included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with such Regulation].]

**OR** [*Insert the legal name of the relevant non-EU CRA entity*] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**). However, the application for registration under the CRA Regulation of [*insert the legal name of the relevant EU CRA entity that applied for registration*], which is established in the European Union, disclosed the intention to endorse credit ratings of [*insert the legal name of the relevant non-EU CRA entity*][, although notification of the corresponding registration decision has not yet been provided by the European Securities and Markets Authority and [*insert the legal name of the relevant EU CRA entity*] is not included in the list of credit rating agencies published by the European

Securities and Markets Authority on its website in accordance with the CRA Regulation].] The European Securities Markets Authority has indicated that ratings issued in [Japan/Australia/the USA/Canada/Hong Kong/Singapore/Argentina/Mexico (*delete as appropriate*)] which have been endorsed by [*insert the legal name of the relevant EU CRA entity that applied for registration*] may be used in the EU by the relevant market participants.]

**3. [INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE [ISSUE/OFFER]**

Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the following statement:

"Save as discussed in ["*Subscription and Sale and Transfer Restrictions*"], so far as the Issuer is aware, no person involved in the offer of the Securities has an interest material to the offer."

**4. REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES**

(i) [Reasons for the offer

*(If reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here.)*

(ii) [Estimated net proceeds:

*(If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)*

(iii) [Estimated total expenses:  [*Include breakdown of expenses.*]

**5. PERFORMANCE OF INDEX/FORMULA/OTHER VARIABLE, [EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS]<sup>14</sup> AND OTHER INFORMATION CONCERNING THE UNDERLYING**

*Need to include details of where past and further performance and volatility of the relevant underlying can be obtained<sup>15</sup>.*

*[Where the underlying is a security quote the name of the issuer and ISIN or other security identification code.]*

*[Where the underlying is an index need to include the name of the index and details of where the information about the index can be obtained. Note an index composed by the Issuer or any legal entity belonging to the same group may not be included for issues documented under Final Terms.]*

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<sup>14</sup> Delete for Securities with a nominal amount or Issue Price per Security of EUR100,000 or more

<sup>15</sup> Delete for Securities with a nominal amount or Issue Price per Security of EUR100,000 or more

*(When completing the above paragraphs, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 23 of the Prospectus Regulation.)*

The Issuer [intends to provide post-issuance information [*specify what information will be reported and where it can be obtained*]] [does not intend to provide post-issuance information].

**6. OPERATIONAL INFORMATION**

ISIN Code:

Common Code:

CUSIP:

CFI: /Not Applicable

FISN: /Not Applicable

Any clearing system(s) other than Euroclear Bank S.A./N.V., Clearstream Banking, *société anonyme* and The Depository Trust Company and the relevant identification number(s):  [Not Applicable/*give name(s) and number(s)*]

Delivery:  Delivery [against/free of] payment

Names and addresses of additional Paying Agent(s) (if any):

8. **POTENTIAL SECTION 871(M) TRANSACTION** [Not Applicable] / [The Issuer has determined that the 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 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 Securities are U.S. equity linked Securities 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 [●]].].
9. **[Prohibition of Sales to EEA Retail Investors:** [Applicable]/[Not Applicable]]
- [If the Securities do not constitute "packaged" products, "Not Applicable" should be specified. If the Securities may constitute "packaged" products and no "key information document" will be prepared, "Applicable" should be specified]*
10. **DETAILS OF BENCHMARKS ADMINISTRATORS AND REGISTRATION UNDER BENCHMARKS REGULATION** [Applicable]/[Not Applicable]
- [The [Index][*insert name of index*] is administered by the [Index Sponsor][*insert name of index sponsor*], who as at the Issue Date, appears on the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority pursuant to Article 36 of the Benchmarks (Regulation (EU) 2016/2011) (the “**Benchmarks Regulation**”).]/[The [Index][*insert name of index*] is administered by the [Index Sponsor][*insert name of index sponsor*], who as at the Issue Date, does not appear on the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority pursuant to Article 36 of the Benchmarks (Regulation (EU) 2016/1011) (the “**Benchmarks Regulation**”). As far as the Issuer is aware, the transitional provisions in Article 51 of the Benchmarks Regulation apply, such that the [Index Sponsor][*insert name of index sponsor*] is not currently required to obtain authorisation or registration (or if located outside the European Union, recognition, endorsement or equivalence).]<sup>16]</sup>

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<sup>16</sup> Include for each Index as applicable.

**SUMMARY OF THE SECURITIES**

*[Insert completed summary for the Securities, unless minimum Nominal Amount for Notes or Issue Price for Warrants and Certificates is equal to or greater than EUR 100,000 (or its equivalent in another currency)]*



**PRO FORMA PRICING SUPPLEMENT FOR THE EXEMPT SECURITIES**

*Set out below is the form of Pricing Supplement which will be completed for each Tranche of Exempt Securities issued under the Program.*

**NO PROSPECTUS IS REQUIRED IN ACCORDANCE WITH WITH REGULATION (EU) 2017/1129 (AS AMENDED FROM TIME TO TIME, THE "PROSPECTUS REGULATION") FOR THE ISSUE OF EXEMPT SECURITIES DESCRIBED BELOW AND THIS PRICING SUPPLEMENT DOES NOT CONSTITUTE THE FINAL TERMS OF THESE SECURITIES FOR THE PURPOSES OF THE PROSPECTUS REGULATION.**

**Pricing Supplement dated [●]**

**Series Number: [●]**

**[Reg S ISIN: [●]]**

**Tranche: [●]**

**[Reg S Common Code: [●]]**

**[144A ISIN: [●]]**

**[144A Common Code: [●]]**

Morgan Stanley B.V.

Legal Entity Identifier (LEI): KG1FTTDCK4KNVM3OHB52

Issue of [Aggregate Nominal Amount or number of Securities of Tranche] [Title of Securities]<sup>17</sup> [to be consolidated with the issue of [Title of previous tranche Securities]]

Guaranteed by Morgan Stanley

under the Program for the Issuance of Notes, Certificates and Warrants

**PART A – CONTRACTUAL TERMS**

THE SECURITIES AND THE GUARANTEE IN RESPECT THEREOF HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. NEITHER THE ISSUER NOR THE GUARANTOR IS REGISTERED, OR WILL REGISTER, UNDER THE U.S. INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE "INVESTMENT COMPANY ACT"). THE SECURITIES DO NOT CONSTITUTE, AND HAVE NOT BEEN MARKETED AS, CONTRACTS OF SALE OF A COMMODITY FOR FUTURE DELIVERY (OR OPTIONS THEREON) SUBJECT TO THE U.S. COMMODITY EXCHANGE ACT OF 1936, AS AMENDED (THE "COMMODITY EXCHANGE ACT"), AND TRADING IN THE FUTURES HAS NOT BEEN APPROVED BY THE U.S. COMMODITY FUTURES TRADING COMMISSION UNDER THE COMMODITY EXCHANGE ACT.

*[If Securities are offered under Regulation S only, insert:*

SUBJECT TO CERTAIN EXCEPTIONS, THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS.

SEE "SUBSCRIPTION AND SALE AND TRANSFER RESTRICTIONS" IN THE BASE PROSPECTUS. IN PURCHASING THE SECURITIES, PURCHASERS WILL BE DEEMED TO REPRESENT AND

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<sup>17</sup> Include for tap increases

WARRANT THAT THEY ARE NEITHER LOCATED IN THE UNITED STATES NOR A U.S. PERSON AND THAT THEY ARE NOT PURCHASING FOR, OR FOR THE ACCOUNT OR BENEFIT OF, ANY SUCH PERSON.]

*[If Securities are offered under both Rule 144A and Regulation S, insert:*

INTERESTS IN THIS SECURITY MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (1) IN ACCORDANCE WITH RULE 144A UNDER THE SECURITIES ACT ("**RULE 144A**") TO A PERSON WHO TAKES DELIVERY IN THE FORM OF AN INTEREST IN A RESTRICTED GLOBAL SECURITY THAT THE HOLDER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVE IS A QUALIFIED INSTITUTIONAL BUYER ("**QIB**") WITHIN THE MEANING OF RULE 144A THAT IS ALSO A QUALIFIED PURCHASER ("**QP**") AS DEFINED IN SECTION 2(a)(51) OF THE INVESTMENT COMPANY ACT AND THE RULES THEREUNDER, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QIBS, EACH OF WHICH IS ALSO A QP, WHOM THE HOLDER HAS INFORMED, IN EACH CASE, THAT SUCH OFFER, SALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, AND IN A NOMINAL AMOUNT OR PURCHASE PRICE FOR EACH ACCOUNT OF NOT LESS THAN U.S.\$100,000 OR (2) TO A PERSON THAT IS NOT A U.S. PERSON (WITHIN THE MEANING OF REGULATION S) WHO TAKES DELIVERY IN THE FORM OF AN INTEREST IN AN UNRESTRICTED GLOBAL SECURITY IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S, AND, IN EACH CASE IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES AND ANY OTHER APPLICABLE JURISDICTION.

SEE "*SUBSCRIPTION AND SALE AND TRANSFER RESTRICTIONS*" IN THE BASE PROSPECTUS. IN PURCHASING THE SECURITIES, PURCHASERS WILL BE DEEMED TO REPRESENT AND WARRANT, AMONG OTHERS, THAT (A)(I) THEY ARE NEITHER LOCATED IN THE UNITED STATES NOR A U.S. PERSON AND (II) THAT THEY ARE NOT PURCHASING FOR, OR FOR THE ACCOUNT OR BENEFIT OF, ANY SUCH PERSON OR (B)(I) THEY ARE A QIB/QP, (II) ARE ACTING FOR THEIR OWN ACCOUNT OR FOR ONE OR MORE ACCOUNTS, EACH OF WHICH IS A QIB/QP, (III) WILL PROVIDE NOTICE OF THE TRANSFER RESTRICTIONS APPLICABLE TO THE SECURITIES TO ANY SUBSEQUENT TRANSFEREE (WHICH TRANSFEREE SHALL BE DEEMED TO MAKE THE SAME REPRESENTATIONS HEREIN), (IV) THEY WILL, ALONG WITH EACH ACCOUNT FOR WHICH THEY ARE PURCHASING, HOLD AND TRANSFER BENEFICIAL INTERESTS IN THE SECURITIES IN AN AGGREGATE PRINCIPAL AMOUNT THAT IS NOT LESS THAN THE MINIMUM DENOMINATION OF THE SECURITIES AND (V) ARE AWARE, AND EACH BENEFICIAL OWNER OF THE SECURITIES HAS BEEN ADVISED, THAT THE SALE OF THE SECURITIES TO IT IS BEING MADE IN RELIANCE ON RULE 144A.

As used herein, "**U.S. person**" means (i) an individual who is a citizen or resident of the United States; (ii) a corporation, partnership or other entity treated as a corporation or partnership for United States federal income tax purposes, created or organised in or under the laws of the United States, any State thereof or the District of Columbia, or which has its principal place of business in the United States; (iii) any estate or trust which is subject to United States federal income taxation regardless of the source of its income; (iv) any trust if a court within the United States is able to exercise primary supervision over the administration of the trust and if one or more United States trustees have the authority to control all substantial decisions of the trust (or any trust which elected to be treated as a United States person prior to 20 August 1996); (v) a pension plan for the employees, officers or principals of a corporation, partnership or other entity described in (ii) above; or (vi) any other "U.S. person" as such term may be defined in Regulation S under the Securities Act or in the Final Exemptive Order Regarding Compliance with Certain Swap Regulations, as amended from time to time, promulgated by the Commodity Futures Trading Commission under the Commodity Exchange Act.

This document constitutes the Pricing Supplement relating to the issue of Securities described herein. Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 20 July 2021 [and the supplemental Base Prospectus dated [●]] which [together] constitute[s]

a listing particulars (the "**Base Prospectus**"). Full information on the Issuer and the offer of the Securities is only available on the basis of the combination of this Pricing Supplement and the Base Prospectus. [The Base Prospectus [and the supplemental Base Prospectus] [is] [are] available for viewing at [address] [and] [website] and copies may be obtained from [address].]

**[PROHIBITION OF SALES TO EEA RETAIL INVESTORS:**

THE SECURITIES ARE NOT INTENDED TO BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO AND SHOULD NOT BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO ANY RETAIL INVESTOR IN THE EUROPEAN ECONOMIC AREA (THE "EEA"). FOR THESE PURPOSES, A RETAIL INVESTOR MEANS A PERSON WHO IS ONE (OR MORE) OF:

- (A) A RETAIL CLIENT AS DEFINED IN POINT (11) OF ARTICLE 4(1) OF DIRECTIVE 2014/65/EU, AS AMENDED ("**MIFID II**");
- (B) A CUSTOMER WITHIN THE MEANING OF DIRECTIVE 2016/97/EC (THE "**INSURANCE DISTRIBUTION DIRECTIVE**"), AS AMENDED, WHERE THAT CUSTOMER WOULD NOT QUALIFY AS A PROFESSIONAL CLIENT AS DEFINED IN POINT (10) OF ARTICLE 4(1) OF MIFID II; OR
- (C) NOT A QUALIFIED INVESTOR AS DEFINED IN REGULATION (EU) 2017/1129, AS AMENDED (THE "**PROSPECTUS REGULATION**").

CONSEQUENTLY NO KEY INFORMATION DOCUMENT REQUIRED BY REGULATION (EU) NO 1286/2014, AS AMENDED (THE "**PRIIPS REGULATION**") FOR OFFERING OR SELLING THE SECURITIES OR OTHERWISE MAKING THEM AVAILABLE TO RETAIL INVESTORS IN THE EEA HAS BEEN PREPARED AND THEREFORE OFFERING OR SELLING THE SECURITIES OR OTHERWISE MAKING THEM AVAILABLE TO ANY RETAIL INVESTOR IN THE EEA MAY BE UNLAWFUL UNDER THE PRIIPS REGULATION.]<sup>18</sup>

**[MIFID II PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ECPS ONLY TARGET MARKET:**

SOLELY FOR THE PURPOSES OF THE MANUFACTURER'S PRODUCT APPROVAL PROCESS, THE TARGET MARKET ASSESSMENT IN RESPECT OF THE SECURITIES HAS LED TO THE CONCLUSION THAT:

- (A) THE TARGET MARKET FOR THE SECURITIES IS ELIGIBLE COUNTERPARTIES AND PROFESSIONAL CLIENTS ONLY, EACH AS DEFINED IN MIFID II; AND
- (B) ALL CHANNELS FOR DISTRIBUTION OF THE SECURITIES TO ELIGIBLE COUNTERPARTIES AND PROFESSIONAL CLIENTS ARE APPROPRIATE.

ANY PERSON SUBSEQUENTLY OFFERING, SELLING OR RECOMMENDING THE SECURITIES (A "**DISTRIBUTOR**") SHOULD TAKE INTO CONSIDERATION THE MANUFACTURER'S TARGET MARKET ASSESSMENT; HOWEVER, A DISTRIBUTOR SUBJECT TO MIFID II IS RESPONSIBLE FOR UNDERTAKING ITS OWN TARGET MARKET ASSESSMENT IN RESPECT OF THE SECURITIES (BY EITHER ADOPTING OR REFINING THE MANUFACTURER'S TARGET MARKET ASSESSMENT) AND DETERMINING APPROPRIATE DISTRIBUTION CHANNELS.]

**Information Concerning Investment Risk**

[Insert]

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<sup>18</sup> This legend is not required if "Prohibition of Sales to EEA Retail Investors" (see Part B, Para 6) is specified as being "Not Applicable". This legend will be required if "Prohibition of Sales to EEA Retail Investors" is specified as being "Applicable" (See Part B, Para 6).

*[The following alternative language applies if the first tranche of an issue which is being increased was issued under a Base Prospectus with an earlier date]*

Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions of the Securities (the "**Conditions**") set forth in the Base Prospectus dated [*original date*] [and as amended by the supplemental Base Prospectus dated [●]] which are incorporated by reference in the Base Prospectus dated 20 July 2021 and are attached hereto. Full information on the Issuer and the offer of the Securities is only available on the basis of the combination of this Pricing Supplement and the Base Prospectus dated 20 July 2021 [and the supplemental Base Prospectuses dated [●] and [●]]. [The Base Prospectus [and the supplemental Base Prospectuses] [is][are] available for viewing during normal business hours at [*address*] [and] [*website*] and copies may be obtained from [*address*].

*[Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or sub-paragraphs. Italics denote guidance for completing the Pricing Supplement.]*

*[When adding any other terms or information of Part A or information in relation to the interests of natural and legal persons involved in the issue/offer in Part B consideration should be given as to whether such terms or information constitute "significant new factors" and consequently trigger the need for a supplement.]*

45. (i) Issuer: Morgan Stanley B.V.

(ii) Guarantor: Morgan Stanley

46. (i) Series Number: [●]

(ii) [Tranche Number: [●]

(If fungible with an existing Series, details of that Series, including the date on which the Securities become fungible).]

47. Type: [Index/Share] [Basket] [Warrants/Certificates/Notes][and KSA Securities]

48. (i) Issue Date: [●]

(i) Trade Date [●]

49. Specified Currency or Currencies: [●]

50. Aggregate Nominal Amount or [Aggregate Nominal Amount] of Securities [admitted to number of Securities [admitted to trading] is [●][●]] trading]<sup>19</sup>:

[Aggregate number of Securities [admitted to trading] is [●]] Securities]

(i) Series: [●]

(ii) Tranche: [●]

51. Nominal Amount per Security: [●] [Not Applicable]

<sup>19</sup> Delete for Securities with a nominal amount per Security of less than EUR100,000

*[N.B. Applicable in the case of Notes and in the case of listed Notes, the minimum Nominal Amount per Security must be at least EUR 1,000 or its equivalent]*

52. Issue Price:  per cent. of the Nominal Amount]

**PROVISIONS RELATING TO THE UNDERLYING, VALUATION AND ADJUSTMENTS**

53. Underlying:  (*Specify the Share, the Index, the Basket of Shares or the Basket of Indices. If Share or a Basket of Shares, specify Bloomberg Ticker and ISIN and Share Issuers. If Index or a Basket of Indices, specify if any Index is a multi-exchange Index*)

54. (i) Valuation Date:

(ii) Initial Valuation Date: , which date shall be a Scheduled Valuation Date for the purposes of Condition 9.1 (*Disruption*)

55. Averaging Dates:

56. Averaging Date Disruption:  [Omission/Postponement/Modified Postponement]  [Not Applicable]

57. Valuation Time:

58. Exchange:

59. Related Exchange:  [All Exchanges]

60. Business Day Convention:  [Following Business Day Convention]

[Modified Business Day Convention]

[Nearest]

[Preceding Business Day Convention]

[No Adjustment]

61. Benchmark Trigger Provisions:  [Applicable] /  [Not Applicable]

*If not applicable, delete the remaining sub-paragraph of this paragraph.*

(i) Alternative Pre-nominated Index:  [None] /  [*specify in respect of each Index*]

**PROVISIONS RELATING TO DISTRIBUTION AMOUNT(S) (IF ANY) PAYABLE**

62. Distribution Provisions: [Applicable]/[Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph. If the Distribution Provision makes reference to Net Yield and/or Outperformance, the provisions should be completed.)*
- (i) Distribution Commencement Date: [Issue Date/Initial Valuation Date/Specify other]
- (ii) Distribution Date(s): Valuation [●] [and for the purpose of any subsequent distribution if any, the relevant Ex-Dividend Date in respect of the Shares]
- (iii) Distribution Payment Date(s): [●] [adjusted in accordance with [specify Business Day Convention and any applicable Business Centre(s) for the definition of "**Business Day**"/not adjusted] [N.B. consider also rolling provisions to take account of any delay to a Distribution Valuation Date pursuant to Condition [9] (Adjustment Provisions)]
- (iv) Distribution Amount[(s)]: [●] (Specify relevant exchange rate, if applicable)
- (For the avoidance of doubt, a distribution shall only be regarded as having been "paid" if a Saudi Arabia resident corporate holder of the Underlying would have received the relevant distribution within the required timeframe)*
- (v) Minimum Distribution Amount: [●] [Not Applicable]
- (vi) Maximum Distribution Amount: [●] [Not Applicable]
- (vii) Distribution Record Date: [●] [Distribution Valuation Date] [Not Applicable]

**PROVISIONS RELATING TO SHARE DETERMINATIONS**

63. Provisions relating to Share Determinations:
- (i) Other terms relating to the payment of Distribution Amounts: [●] [None]
- (ii) Additional Outperformance Weighting: [[●] per cent.][Not Applicable]
- (iii) Net Yield Weighting: [[●] per cent.][Not Applicable]
- (iv) Outperformance Weighting: [[●] per cent.][Not Applicable]

- (v) Additional Outperformance Period:  [From and including the [Issue Date] to but excluding the [Final Valuation Date]]  [Not Applicable]
- (vi) Reference Period:  [From but excluding the [Initial Valuation Date] to and including the [Expiration Date]]
- (vii) Extraordinary Dividend:  [Not Applicable]
- (viii) Relevant Deduction:  [Not Applicable]
- (For the avoidance of doubt, deduction should include any tax imposed on or withheld from any income or gain in respect of the hedge position of the Issuer (or its affiliate, as the case may be) by the Kingdom of Saudi Arabia or any governmental authority or political subdivision thereof or therein)*
- (ix) Final Valuation Date:  [As defined in Condition 2.1]
- (x) Distribution Record Date: <sup>20</sup>

**PROVISIONS RELATING TO EXERCISE, REDEMPTION AND TERMINATION**

64. Exercise  [Applicable]/ [Not Applicable]
- (This is only applicable for Certificates and Warrants. If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Exercise Style:  [European/American/Bermudan style] Securities  
(If "European", consider whether any Break Fee is applicable)
- (ii) Deemed Exercise:  [Applicable]/ [Not Applicable]
- (iii) Call/Put:  [[Call/Put] Warrants]  [Not Applicable]
- (iv) Exercise Date or Potential Exercise Date(s):
- (v) Exercise Period:
- (vi) Commencement Date:
- (vii) Exercise Business Day:  [Includes/Excludes] a Scheduled Trading Day [and an Exchange Business Day]
- (viii) Latest Exercise Time:
- (ix) Expiration Date:

<sup>20</sup> Insert also any provisions necessary to clarify, in respect of Securities in definitive form, the applicability of the Distribution Record Date and its effect on a holder's entitlement to distribution payments.

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- (x) Minimum Exercise Amount: [●]
- (xi) Maximum Exercise Amount: [●]
- (xii) Permitted Multiple: [●] [Not Applicable]
- (xiii) Cash Settlement Amount of each Security: [●] *[give or annex details in relation, if applicable, to lowest nominal amount. In case of Warrants include reference to the relevant Strike Value. If the Cash Settlement Amount makes reference to Net Yield and/or Outperformance or other reference base(s), the relevant provisions should be specified in the Annex hereto.]*
- (A) Reference Value: [●]
- (B) Strike Value (for Warrants only): [●] [Not Applicable]
- (C) Settlement Value:<sup>21</sup> [●] [Not Applicable]
- (D) Hedging Realisation Price: [Applicable]/[Not Applicable] *(specify Hedging Realisation Price if different from definitions of Hedging Realisation Price in the Conditions)*
- (xiv) Cash Settlement Payment Date: [●]
- (xv) Maximum Cash Settlement Amount: [●]
- (xvi) Break Fee: [●] [[●] per cent. of the Cash Settlement Amount] [Not Applicable] *(express as amount per Security)*
- (xvii) Break Fee Date: [●] [Not Applicable]
- (xviii) Other terms relating to the payment of Cash Settlement Amount: [●] [None]
65. Redemption: [Applicable]/[Not Applicable]
- (This is only applicable for Notes. If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Final Redemption Amount: [●] *[give or annex details in relation, if applicable, to lowest nominal amount. If the Final Redemption Amount makes reference to Net Yield and/or Outperformance or other reference base(s), relevant provisions should be specified in the Annex hereto.]*
- (A) Reference Value: [●]

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<sup>21</sup> Where "Averaging Dates" are used.



- (B) Settlement Value:<sup>22</sup> [●] [Not Applicable]
- (C) Hedging Realisation Price: [Applicable]/[Not Applicable] (*specify Hedging Realisation Price if different from definitions of Hedging Realisation Price in the Conditions*)
- (ii) Maturity Date: [●]
- (iii) Other terms relating to the payment of Final Redemption Amount: [●] [None]

**PROVISIONS RELATING TO EARLY TERMINATION AND DISRUPTION**

66. Issuer's Call Option: [Applicable]/[Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Optional Termination Date (Call): [●]
- (ii) Issuer Call Notice Period: [[●] Business Days] [*N.B. Not to be less than 35 calendar days*]
- (iii) Optional Termination Amount (Call): [*Specify if different from the definition of Optional Termination Amount (Call) in the Conditions.*]
- (iv) Break Fee: [●] [[●] per cent. of the Optional Termination Amount] [Not Applicable] (*express as amount per Security*)
- (v) Other terms relating to the Issuer's Call Option: [●] [None]
67. Investor Put Option: [Applicable]/[Not Applicable]
- (This will never be applicable for Certificates or Warrants. If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Optional Termination Date (Put): [●]
- (ii) Investor Put Notice Period: [The period from and including the date on which the relevant Put Notice is deemed validly given to both the Paying Agent, Fiscal Agent or any Transfer Agent (as applicable) and the Determination Agent (in accordance with Condition 21 (*Notices*)) to and including the day falling [●] Business Days thereafter] [*N.B. Not to be less than thirty five (35) calendar days*] [*Specify other period*]
- (iii) Optional Termination Amount (Put): [*Specify if different from the definition of Optional Termination Amount (Put) in the Conditions.*]

<sup>22</sup> Where "Averaging Dates" are used.

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- (iv) Break Fee:   per cent. of the Optional Termination Amount  
[Not Applicable] (*express as amount per Security*)
- (v) Other terms relating to the Securityholder's Put Option:  [None]
68. Additional Disruption Event:  [Change in Law, Hedging Disruption, Increased Cost of Hedging, Loss of Stock Borrow] (*Specify all that apply and if the early termination amount is different from the provision in the relevant Condition. N.B. Loss of Stock Borrow (as defined in Condition 10) is applicable to Share Securities only.*)
69. Early Termination Amount (if different from Condition 2 (*Interpretation*)):
- Other terms relating to early termination:  [None]
70. Inconvertibility Event Provisions:  [Applicable]/[Not Applicable]  
*If not applicable, delete the remaining sub-paragraphs of this paragraph.*
- (i) Early Termination:  [Applicable]/[Not Applicable]
- (ii) Suspended Payment:  [Applicable]/[Not Applicable]
- (iii) Inconvertibility Early Termination Amount:  [Early Termination Amount/Fair market value]
- (iv) Early Termination Relevant Currency Amount:  [Not Applicable]
- (v) Inconvertibility Specified Currency:
- (vi) Relevant Currency:
- (vii) Relevant Jurisdiction:

**GENERAL PROVISIONS APPLICABLE TO THE SECURITIES**

71. Form of Securities: Unrestricted Global Security [and Restricted Global Security], exchangeable for Individual Registered Instruments only in circumstances specified in the relevant Global Security

## Pro Forma Pricing Supplement for the Exempt Securities

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72. Financial Centre(s): [Give details. N.B. Must specify relevant Financial Centre(s) for the purposes of the definitions of "Business Day" and "Payment Business Day"]
73. Consolidation provisions: [Not Applicable/The provisions in Condition [20 (Further Issues)]<sup>23</sup>apply]
74. Clearance System: [Euroclear and Clearstream, Luxembourg] [DTC]
75. Determination Agent: [Morgan Stanley & Co. International plc] [insert name of other entity]
76. Additional U.S. Federal Tax Considerations: [Not applicable]/[give details]
77. Implementation of Financial Transaction Tax: [Applicable]/[Not Applicable]
78. Substitution of Issuer or Guarantor with non-Morgan Stanley Group Entity (Condition 23.2): [Applicable]/[Not Applicable]
79. Other terms: [Not Applicable]/[give details/See Annex]

### **DISTRIBUTION**

80. Method of distribution: [Syndicated/Non-syndicated]
81. If syndicated, names [and addresses] of [Distribution Agents] [and underwriting commitments] [Not Applicable/give names[, addresses]]
- (i) [Date of [Subscription] Agreement: [●]]
- (ii) Stabilising Manager(s) (if any): [Not Applicable/give name]
82. [Total commission and concession: [●] per cent. of the Aggregate Nominal Amount]<sup>24</sup>
83. Additional selling restrictions: [Not Applicable/give details]

### **[LISTING AND ADMISSION TO TRADING APPLICATION**

This Pricing Supplement comprise the pricing supplement required for issue [and admission to trading on the [Global Exchange Market of Euronext Dublin][●]] of the Securities described herein pursuant to the Program for the Issuance of Notes, Certificates and Warrants by Morgan Stanley B.V.

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<sup>23</sup> If the form of Conditions being used is from a previous Base Prospectus, check the correct numbering and name of the corresponding clause in those terms and conditions.

Signed on behalf of the Issuer:

By: .....

**Duly authorised**

**PART B – OTHER INFORMATION**

**1. LISTING AND ADMISSION TO TRADING**

(i) Listing: [Euronext Dublin's Global Exchange Market/other (specify)/None]

(ii) Admission to trading: [Application has been made for the Securities to be admitted to trading on [●] with effect from [●].] [Not Applicable.]

*(Where documenting a fungible issue need to indicate that original securities are already admitted to trading.)*

(iii) [Estimate of total expenses related to admission to trading: [●]]

**2. RATINGS**

Credit ratings: [None] [The Securities to be issued [[have been]/[are expected to be] rated [insert details] by [insert the legal name of the relevant credit rating agency entity(ies)]]

*(The above disclosure is only required if the ratings of the Securities are different to those stated in the Base Prospectus)*

**3. REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES**

(i) [Reasons for the offer [●]]

*(If reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here.)*

(ii) [Estimated net proceeds: [●]]

*(If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)*

(iii) [Estimated total expenses: [●] [Include breakdown of expenses.]

**4. OPERATIONAL INFORMATION**

ISIN Code: [●]

Common Code: [●]

CUSIP: [●]

CFI: [[●]/Not Applicable]

FISN: /Not Applicable

Any clearing system(s) other than Euroclear Bank S.A./N.V., Clearstream Banking, *société anonyme* and The Depository Trust Company and the relevant identification number(s):  [Not Applicable/*give name(s) and number(s)*]

Delivery: Delivery  [against/free of] payment

Names and addresses of additional  Paying Agent(s) (if any):

**5. PERFORMANCE OF INDEX/FORMULA/OTHER VARIABLE AND OTHER INFORMATION CONCERNING THE UNDERLYING**

*Need to include details of where past and further performance and volatility of the relevant underlying can be obtained<sup>25</sup>.*

*[Where the underlying is a security quote the name of the issuer and ISIN or other security identification code.]*

*[Where the underlying is an index need to include the name of the index and details of where the information about the index can be obtained.]*

The Issuer  [intends to provide post-issuance information [*specify what information will be reported and where it can be obtained*]]  [does not intend to provide post-issuance information].

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<sup>25</sup>

Include for Securities admitted to the Official List of Euronext Dublin and to trading on its Global Exchange Market.

6. **POTENTIAL SECTION 871(M) TRANSACTION** [Not Applicable] / [The Issuer has determined that the 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 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 Securities are U.S. equity linked Securities 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 [●]].].
7. **[Prohibition of Sales to EEA Retail Investors:** [Applicable]/[Not Applicable]
- [If the Securities do not constitute "packaged" products, "Not Applicable" should be specified. If the Securities may constitute "packaged" products and no "key information document" will be prepared, "Applicable" should be specified]*
8. **DETAILS OF BENCHMARKS ADMINISTRATORS AND REGISTRATION UNDER BENCHMARKS REGULATION** [Applicable]/[Not Applicable]
- [The [Index][*insert name of index*] is administered by the [Index Sponsor][*insert name of index sponsor*], who as at the Issue Date, appears on the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority pursuant to Article 36 of the Benchmarks (Regulation (EU) 2016/2011) (the “**Benchmarks Regulation**”).]/[The [Index][*insert name of index*] is administered by the [Index Sponsor][*insert name of index sponsor*], who as at the Issue Date, does not appear on the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority pursuant to Article 36 of the Benchmarks (Regulation (EU) 2016/1011) (the “**Benchmarks Regulation**”). As far as the Issuer is aware, the transitional provisions in Article 51 of the Benchmarks Regulation apply, such that the [Index Sponsor][*insert name of index sponsor*] is not currently required to obtain authorisation or registration (or if located outside the European Union, recognition, endorsement or equivalence).]<sup>26</sup>

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<sup>26</sup> Include for each Index as applicable.

## FORM OF SECURITIES

### Form of Securities

Securities in registered form will not have coupons attached. Securities which are offered and sold outside the United States in reliance on Regulation S ("**Unrestricted Securities**") will be represented by interests in a global Security (an "**Unrestricted Global Security**"). The Unrestricted Global Security will be registered in the name of a nominee for, and shall be deposited on its issue date with a common depository on behalf of, Euroclear and Clearstream, Luxembourg.

Securities offered and sold in reliance on Rule 144A, or another exemption from the registration requirements of the Securities Act, ("**Restricted Securities**") will be represented by interests in a global Security (a "**Restricted Global Security**" and, together with the Unrestricted Global Security, a "**Global Security**"). The Restricted Global Security will be registered in the name of Cede & Co. as nominee for DTC and will be deposited on or about the Issue Date with (1) the DTC custodian or (2) a common depository acting on behalf of Euroclear or Clearstream, Luxembourg and/or any other relevant clearing system, as the case may be. Distributions in the Global Securities will be shown on, and transfers thereof will be effected only through, records maintained by DTC, Euroclear, and Clearstream, Luxembourg and their direct and indirect participants. Individual Registered Instruments ("**Individual Registered Instruments**") evidencing holdings of Securities will only be available in certain limited circumstances as described below under "Exchange of Distributions in Global Securities for Individual Registered Instruments".

### Exchange of Interest in Global Securities for Individual Registered Instruments

Registration of title to Securities initially represented by the Global Security in a name other than DTC, Euroclear or Clearstream, Luxembourg or a successor depository or one of their respective nominees will not be permitted unless (a) any such entity notifies the Issuer that it is no longer willing or able to discharge properly its responsibilities as depository with respect to the relevant Global Security or ceases to be a clearing agency (as defined in the Exchange Act), or is at any time no longer eligible to act as such, and the Issuer is (in the case of it ceasing to be depository) unable to locate a qualified successor within 90 calendar days of receiving notice of such ineligibility on the part of such depository, (b) DTC, Euroclear or Clearstream, Luxembourg, as the case may be, is closed for a continuous period of 14 calendar days (other than by reason of legal holidays) or announces an intention permanently to cease business or (c) an Event of Default occurs.

In such circumstances, the Issuer shall procure the delivery of Individual Registered Instruments in exchange for the Unrestricted Global Security and/or the Restricted Global Security. A person having an interest in a Global Security must provide the Registrar (through DTC, Euroclear and/or Clearstream, Luxembourg) with (i) such information as the Issuer and the Registrar may require to complete and deliver Individual Registered Instruments (including the name and address of each person in which the Individual Registered Instruments are to be registered and the Nominal Amount or number of Securities of each such person's holding) and (ii) (in the case of the Restricted Global Security only) a certificate given by or on behalf of the holder of each beneficial interest in the Restricted Global Security stating either (1) that such holder is not transferring its interest at the time of such exchange or (2) that the transfer or exchange of such interest has been made in compliance with the transfer restrictions applicable to the Securities and that the person transferring such interest reasonably believes that the person acquiring such interest is a QIB/QP and is obtaining such beneficial interest in a transaction meeting the requirements of Rule 144A. Individual Registered Instruments issued in exchange for interests in the Restricted Global Security will bear the legends and be subject to the transfer restrictions set out above under "*Subscription and Sale and Transfer Restrictions*".

Whenever a Global Security is to be exchanged for Individual Registered Instruments, such Individual Registered Instruments will be issued within five business days to the delivery to the Registrar of the information and any required certification described in the preceding paragraph against the surrender of the relevant Global Security at the Specified Office of the Registrar. Such exchange shall be effected in accordance with the regulations concerning the transfer and registration from time to time in relation to the Securities and



shall be effected without charge, but against such indemnity as the Registrar may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such exchange.

If, Individual Registered Instruments have not been issued and delivered (i) in the case of an event described in clause (a) or (b) of the second paragraph of this "*Exchange of Interest in Global Securities for Individual Registered Instruments*" section above, by 5.00 p.m. (London time) on the 30th day after the date on which the same are due to be issued and delivered in accordance with the terms hereof, or (ii) if an Event of Default occurs, by 5.00 p.m. (London time) on the date such Event of Default occurs (each such date describe in (i) or (ii) immediately above, a "**Determination Date**"), then each Accountholder shall acquire Direct Rights (each as defined in the Deed of Covenant) against the Issuer on the Determination Date.

The Registrar will not register the transfer of or exchange of interests in a Global Security for Individual Registered Instruments (i) for a period of 15 calendar days ending on the due date for any payment in respect of the Securities; (ii) during the period 15 calendar days before any date on which Securities may be terminated by the Issuer at its option pursuant to Condition 6.9 (*Termination at the option of the Issuer*) of the "*Terms and Conditions of the Securities*"; or (iii) after any such Security has been terminated.

### **Book-Entry Ownership of Global Securities**

The Issuer has applied to DTC, Euroclear and Clearstream, Luxembourg for acceptance in their respective book-entry settlement systems of the Securities. The Unrestricted Securities and Restricted Securities held within Euroclear and Clearstream will have a common code and an ISIN. The Issuer has also applied to DTC, Euroclear and Clearstream, Luxembourg for acceptance in their respective book entry settlement systems of the Restricted Securities. The Restricted Securities held within the DTC system will have a CUSIP number.

The DTC custodian and DTC will record electronically the Nominal Amount or number of the Securities represented by the Restricted Global Security held within the DTC system. Investors shall hold their interests in the Restricted Global Security directly through DTC, if they are participants in DTC, or indirectly through organisations which are participants in DTC.

The common depository and Euroclear and Clearstream, Luxembourg will record electronically the Nominal Amount or number of the Securities represented by the Unrestricted Global Security held within Euroclear and Clearstream, Luxembourg. Investors shall hold their interests in the Unrestricted Global Security or the Restricted Global Security directly through Euroclear and Clearstream, Luxembourg, if they are participants in Euroclear and Clearstream, Luxembourg, or indirectly through organizations which are participants in Euroclear and Clearstream, Luxembourg.

Payments of any amounts payable under each Global Security registered in the name of DTC's nominee or in the name of the common depository acting on behalf of Euroclear and Clearstream, Luxembourg will be made to or to the order of DTC's nominee or the common depository as the registered holder of such Global Security, as the case may be. The Issuer expects that the nominee or common depository, as the case may be, upon receipt of any such payment, will immediately credit participants' accounts with payments in amounts proportionate to their respective interests in the Nominal Amount of or number of Securities represented by the relevant Global Security as shown on the records of the nominee or common depository, as the case may be. The Issuer also expects that payments by participants to owners of interests in such Global Security held through such participants will be governed by standing instructions and customary practices, as is now the case with securities held for the accounts of customers registered in the names of nominees for such customers. Such payments will be the responsibility of such participants. None of the Issuer, the Registrar, any Transfer Agent or any Paying Agent will have any responsibility or liability for any aspect of the records relating to or payments made on account of ownership interests in the Global Security or for maintaining, supervising or reviewing any records relating to such ownership interests.

While a Restricted Global Security is lodged with DTC or its custodian, or with a common depository for Euroclear and Clearstream, Luxembourg, Securities represented by Individual Registered Instruments will not be eligible for clearing or settlement through DTC, Clearstream, Luxembourg or Euroclear.

### **Transfer of Interests in Global Securities**

Transfer of interests in Global Securities within DTC, Euroclear and Clearstream, Luxembourg will be in accordance with the usual rules and operating procedures of the relevant clearing system

The laws of some states of the United States require that certain persons receive individual certificates in respect of their holdings of Securities. Consequently, the ability to transfer interests in a Global Security to such persons will be limited.

Subject to compliance with the transfer restrictions applicable to the Securities described above and under "*Subscription and Sale and Transfer Restrictions*", cross-market transfers between DTC participants, on the one hand, and Clearstream, Luxembourg or Euroclear account holders, on the other, will be effected in DTC in accordance with DTC rules and procedures and on behalf of Clearstream, Luxembourg (as the case may be) or Euroclear by its respective depository. However, such cross-market transactions will require delivery of instructions to Clearstream, Luxembourg or (as the case may be) Euroclear by the counter party in such system in accordance with its rules and procedures and within its established deadlines. Clearstream, Luxembourg or (as the case may be) Euroclear will, if the transaction meets its settlement requirements, deliver instructions to its respective depository to take action to effect final settlement on its behalf by delivering or receiving beneficial interests in the relevant Global Security in DTC, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Clearstream, Luxembourg account holders and Euroclear account holders may not deliver instructions directly to the depositaries for Clearstream, Luxembourg or Euroclear.

Because of time zone differences, credits of Securities received in Clearstream, Luxembourg or Euroclear as a result of a transaction with a DTC participant will be made during the securities settlement processing day dated the business day following the DTC settlement date and such credits of any transactions in such securities settled during such processing will be reported to the relevant Clearstream, Luxembourg or Euroclear account holder on such business day. Cash received in Clearstream, Luxembourg or Euroclear as a result of sales of Securities by or through a Clearstream, Luxembourg account holder or a Euroclear account holder to a DTC participant will be received with value on the DTC settlement date but will be available in the relevant Clearstream, Luxembourg or Euroclear cash account only as of the business day following settlement in DTC. Settlement between Euroclear or Clearstream, Luxembourg account holders and DTC participants cannot be made on a delivery versus payment basis. The arrangements for transfer of payments must be established separately from the arrangement for transfer of Securities, the latter being effected on a free delivery basis. The customary arrangements for delivery versus payment between Euroclear and Clearstream, Luxembourg account holders or between DTC participants are not affected.

For a further description of restrictions on the transfer of Securities, see "*Subscription and Sale and Transfer Restrictions*".

DTC has advised the Issuer that it will take any action permitted to be taken by a holder of Securities (including, without limitation, the presentation of Global Security for exchange as described above) only at the direction of one or more participants in whose account with DTC interests in Global Securities are credited, and only in respect of such portion of the aggregate Nominal Amount of or number of Securities represented by the Global Securities as to which such participant or participants has or have given such direction. However, in certain circumstances, DTC will exchange the Global Securities for Individual Registered Instruments (which will, in the case for Restricted Securities, bear the legend set out under "*Subscription and Sale and Transfer Restrictions*").

Although DTC, Clearstream, Luxembourg and Euroclear have agreed to the foregoing procedures in order to facilitate transfers of interests in the Global Securities among participants and account holders of DTC, Clearstream, Luxembourg and Euroclear, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. Neither the Issuer, the Registrar nor any Transfer Agent or any Paying Agent will have any responsibility for the performance by DTC, Clearstream,

Luxembourg or Euroclear or their respective direct or indirect participants or account holders of their respective obligations under the rules and procedures governing their respective operations.

## SUMMARY OF PROVISIONS RELATING TO THE SECURITIES WHILE IN GLOBAL FORM

### Clearing System Accountholders

So long as Euroclear, Clearstream, Luxembourg, DTC or its nominee is the registered holder of a Global Security, Euroclear, Clearstream, Luxembourg DTC or such nominee, as the case may be, will be considered the sole owner of the Securities represented by such Global Securities for all purposes under the Issue and Paying Agency Agreement and such Securities, except to the extent that in accordance with Euroclear, Clearstream, Luxembourg or DTC's published rules and procedures any ownership rights may be exercised by its participants or beneficial owners through participants.

### Securities

If the Issue Terms states that Securities are to be represented by a permanent Global Security on issue, the following will apply in respect of transfers of Securities held in Euroclear or Clearstream, Luxembourg and DTC or such other relevant clearing system, as the case may be. These provisions will not prevent the trading of interests in the Securities within a clearing system whilst they are held on behalf of such clearing system, but will limit the circumstances in which the Securities may be withdrawn from the relevant clearing system.

Transfers of the holding of Securities represented by any Global Security pursuant to Condition 3.5 (*Transfer of Securities*) of the "*Terms and Conditions of the Securities*" may only be made in part:

- (a) if the Securities represented by the Global Security are held on behalf of Euroclear or Clearstream, Luxembourg or DTC, or such other relevant clearing system, as the case may be and any such clearing system is closed for business for a continuous period of 14 calendar days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so; or
- (b) with the consent of the Issuer,

provided that, in the case of the first transfer of part of a holding pursuant to (a) above, the holder of such Security (the "**Registered Securityholder**") has given the Registrar not less than 30 calendar days' notice at its specified office of the Registered Securityholder's intention to effect such transfer. Where the holding of Securities represented by a Global Security is only transferable in its entirety, the certificate issued to the transferee upon transfer of such holding shall be a Global Security. Where transfers are permitted in part, certificates issued to transferees shall not be Global Securities unless the transferee so requests and certifies to the Registrar that it is, or is acting as a nominee for, Clearstream, Luxembourg, Euroclear and/or DTC and/or such other relevant clearing system, as the case may be.

### Nominal Amount of the Securities

The Securities may be issued in Nominal Amounts specified in the applicable Issue Terms. If a Nominal Amount is specified and for so long as the Securities are represented by a Global Security, and Euroclear and Clearstream, Luxembourg and/or DTC, as the case may be, so permit, the Securities shall be tradable in such Nominal Amounts or such minimum number of Securities and integral multiples of any amount thereafter, as specified in the applicable Issue Terms. If Definitive Securities are required to be issued in the limited circumstances specified in the Global Security they will only be printed and, if a Nominal Amount is specified in the applicable Issue Terms, issued in nominal amounts equal to such Nominal Amount. Accordingly, where applicable, if Definitive Securities are required to be issued, a Securityholder holding Securities having an original Nominal Amount which cannot be fully represented by Definitive Securities in the nominal amount of at least at least EUR 1,000 per Security (or its equivalent) will not be able to receive a Definitive Security in respect of the original Nominal Amount of the Securities by which the original Nominal Amount of such holding of Securities exceeds the next lowest integral multiple of at least EUR 1,000 per Security (or its equivalent), (the "**Excess Amount**") and will not be able to receive any payment in respect of such Excess

Amount. Furthermore, at any meetings of Securityholders while Securities are represented by a Global Security and Securities are issued in Nominal Amounts any vote cast shall only be valid if it is in respect of at least EUR 1,000 (or its equivalent) in Nominal Amount and no vote may be cast in respect of any smaller Nominal Amount

### **Conditions Applicable to Global Securities**

Each Global Security will contain provisions which modify the terms and conditions set out in "*Terms and Conditions of the Securities*" as they apply to the Global Security. The following is a summary of certain of those provisions:

#### **(a) Exercise procedures**

Subject to Condition 6.4 (*Securities void on expiry*) of the "*Terms and Conditions of the Securities*" and to prior termination of the Securities as provided in the Conditions, Securities that are Certificates or Warrants may be exercised by a Securityholder (at his own expense) at such time and on such day(s) as provided in Condition 6.1 (*Exercise Style*) of the "*Terms and Conditions of the Securities*" by delivery of a duly completed and signed Exercise Notice to (i) the relevant Clearance System and (ii) the Fiscal Agent or any Transfer Agent, with a copy to the Determination Agent.

Subject to Condition 6.4 (*Securities void on expiry*) of the "*Terms and Conditions of the Securities*", any Exercise Notice delivered after the Latest Exercise Time on any day shall: (a) in the case of Bermudan Style Securities and European Style Securities, be void and (b) in the case of American Style Securities, be deemed to have been delivered on the next following day on which such Securities are exercisable (unless no such day occurs on or prior to the Expiration Date, in which case that Exercise Notice shall be void).

*Form of Exercise Notice:* Each Exercise Notice shall be in the form (for the time being current) available from each Paying Agent or Fiscal Agent or Transfer Agent, and must:

- (i) specify the name, address, telephone and facsimile details of the Securityholder in respect of the Securities being exercised;
- (ii) specify the number of Securities of the relevant Series being exercised by the Securityholder (which must not be less than the Minimum Exercise Number);
- (iii) specify the number of the Securityholder's account at the relevant Clearance System to be debited with the Securities being exercised and irrevocably instruct, or, as the case may be, confirm that the Securityholder has irrevocably instructed, the relevant Clearance System to debit the Securityholder's account with the Securities being exercised and credit the same to the account of the relevant Paying Agent;
- (iv) where applicable, specify the number of the Securityholder's account at the relevant Clearance System to be credited with the Cash Settlement Amount for the Securities being exercised;
- (v) include an irrevocable undertaking to pay (a) any applicable Taxes due by reason of exercise of the relevant Securities and (b) any Break Fee, if applicable, and an authority to the Issuer and the relevant Clearance System to deduct an amount in respect thereof from any Cash Settlement Amount due to such Securityholder or otherwise (on, or at any time after, the Cash Settlement Payment Date) and to debit a specified account of the Securityholder at the relevant Clearance System with an amount or amounts in respect thereof;
- (vi) in the case of Securities other than Restricted Securities, give a certification as to the non-U.S. beneficial ownership of the Securities being exercised therewith; and
- (vii) Authorise the production of such certification in any applicable administrative or legal proceedings.

*Verification of Securityholder:*

To exercise Securities, the Securityholder thereof must duly complete an Exercise Notice. The relevant Clearance System shall, in accordance with its normal operating procedures, verify that each person exercising Securities is the Securityholder thereof according to the records of such Clearance System and that such Securityholder has an account at the relevant Clearance System which contains Securities in an amount being exercised and funds equal to any applicable Taxes in respect of the Securities being exercised.

If, in the determination of the relevant Clearance System or the relevant Paying Agent or Fiscal Agent or Transfer Agent:

- (i) the Exercise Notice is not complete or not in proper form;
- (ii) the person submitting an Exercise Notice is not validly entitled to exercise the relevant Securities or not validly entitled to deliver such Exercise Notice; or
- (iii) sufficient Securities or sufficient funds equal to any applicable Taxes or any Break Fee are not available in the specified account(s) with the relevant Clearance System on the Exercise Date,

that Exercise Notice will be treated as void and a new duly completed Exercise Notice must be submitted if exercise of the Securityholder's Securities is still desired.

Any determination by the relevant Clearance System or the relevant Paying Agent or Fiscal Agent or Transfer Agent as to any of the matters set out above shall, in the absence of manifest error, be conclusive and binding upon the Issuer, the Securityholder and the beneficial owner of the Securities exercised.

*Notification to the relevant Paying Agent or Fiscal Agent or Transfer Agent and Common Depositary:*

Subject to the verification set out above, the relevant Clearance System will:

- (i) confirm to the relevant Paying Agent or Fiscal Agent or Transfer Agent (copied to the Issuer and the Determination Agent) the number of Securities being exercised and the number of the account to be credited with the Cash Settlement Amount; and
- (ii) promptly notify the Common Depositary of receipt of the Exercise Notice and the number of the Securities to be exercised.

Upon exercise of part of the Global Security, the Common Depositary will note such exercise on the Schedule to the Global Security and the number of Securities so exercised as represented by the Global Warrant shall be cancelled *pro tanto*.

*Effect of Exercise Notice:*

Delivery of an Exercise Notice shall constitute an irrevocable election and undertaking by the Securityholder to exercise the Securities specified therein, provided that the person exercising and delivering such Exercise Notice is the person then appearing in the records of the relevant Clearance System as the holder of the relevant Securities. If the person exercising and delivering the Exercise Notice is not the person so appearing, such Exercise Notice shall for all purposes become void and shall be deemed not to have been so delivered.

After the delivery of an Exercise Notice (other than an Exercise Notice which shall become void) by a Securityholder, such Securityholder shall not be permitted to transfer either legal or beneficial ownership of the Securities exercised thereby. Notwithstanding this, if any Securityholder does so transfer or attempt to transfer such Securities, the Securityholder will be liable to the Issuer for any losses, costs and expenses suffered or incurred by the Issuer including those suffered or incurred as a consequence of it having terminated any related hedging operations in reliance on the relevant Exercise Notice and subsequently: (i) entering into

replacement hedging operations in respect of such Securities; or (ii) paying any amount on the subsequent exercise of such Securities without having entered into any replacement hedging operations.

**(b) Early redemption of Notes at the option of a Securityholder (Investor Put Option)**

Unless previously redeemed, terminated or purchased and cancelled and only where Investor Put Option is specified as applicable in the applicable Issue Terms, Notes represented by a Global Security may be redeemed early by a Securityholder (at his own expense) on any day following the Issue Date by delivery of a duly completed and signed Put Notice to (i) the relevant Clearance System and (ii) the Fiscal Agent or any Transfer Agent, with a copy to the Determination Agent.

Each Put Notice shall be in the form (for the time being current) available from each Paying Agent or the Fiscal Agent or Transfer Agent, and must:

- (i) specify the name, address, telephone and facsimile details of the Securityholder in respect of the Notes being early redeemed;
- (ii) in the case of Notes in registered form, the Nominal Amount or number of such Notes of the relevant Series being early redeemed by the Securityholder;
- (iii) specify the Optional Termination Date (Put) in respect of which the Put Notice is delivered. Such Optional Termination Date (Put) must be due to fall after the expiry of the relevant Investor Put Notice Period;
- (iv) specify the number of the Securityholder's account at the relevant Clearance System to be debited with the Notes being early redeemed and irrevocably instruct, or, as the case may be, confirm that the Securityholder has irrevocably instructed, the relevant Clearance System to debit the Securityholder's account with the Notes being early redeemed and credit the same to the account of the relevant Paying Agent;
- (v) where applicable, specify the number of the Securityholder's account at the relevant Clearance System to be credited with the Optional Termination Amount (Put) for the Notes being early redeemed;
- (vi) include an irrevocable undertaking to pay any (a) applicable Taxes due by reason of early redemption of the relevant Notes, and (b) any Break Fee, if applicable, and an authority to the Issuer and the relevant Clearance System to deduct an amount in respect thereof from any Optional Termination Amount (Put) due to such Securityholder or otherwise (on, or at any time after, the Optional Termination Date (Put)) and to debit a specified account of the Securityholder at the relevant Clearance System with an amount or amounts in respect thereof;
- (vii) in the case of Notes other than Restricted Securities, give a certification as to the non-U.S. beneficial ownership of the Notes being early redeemed therewith; and
- (viii) authorise the production of such certification in any applicable administrative or legal proceedings.

The exercise by a Securityholder of the Investor Put Option will be subject to any further conditions as set out in the applicable Issue Terms (including, but not limited to, a restriction as to the dates which a Securityholder may designate as the relevant Optional Termination Date (Put) in the relevant Put Notice). Any Put Notice delivered in breach of requirements as set out in this section (b) or such further conditions as set out in the applicable Issue Terms will be invalid and will have no effect.

*Verification of Securityholder:*

To exercise the Investor Put Option, a Securityholder must duly complete a Put Notice. The relevant Clearance System shall, in accordance with its normal operating procedures, verify that each person purporting to exercise

an Investor Put Option in respect of any Securities is the Securityholder thereof according to the records of such Clearance System and that such Securityholder has an account at the relevant Clearance System which contains Securities in an amount being exercised and funds equal to any applicable Taxes in respect of the Securities being so redeemed.

If, in the determination of the relevant Clearance System or the relevant Paying Agent or Fiscal Agent or Transfer Agent:

- (i) the Put Notice is not complete or not in proper form;
- (ii) the person submitting a Put Notice is not validly entitled to early redeem the relevant Securities or not validly entitled to deliver such Put Notice; or
- (iii) sufficient Securities or sufficient funds equal to any applicable Taxes or any Break Fee are not available in the specified account(s) with the relevant Clearance System on the Optional Termination Date (Put),

that Put Notice will be treated as void and a new duly completed Put Notice must be submitted if early redemption of the Securityholder's Securities is still desired.

Any determination by the relevant Clearance System or the relevant Paying Agent or Fiscal Agent or Transfer Agent as to any of the matters set out above shall, in the absence of manifest error, be conclusive and binding upon the Issuer, the Securityholder and the beneficial owner of the Securities early redeemed.

*Notification to the relevant Paying Agent or Fiscal Agent or Transfer Agent and Common Depositary:*

Subject to the verification set out above, the relevant Clearance System will:

- (i) confirm to the relevant Paying Agent or Fiscal Agent or Transfer Agent (copied to the Issuer and the Determination Agent) the Nominal Amount or number of Securities being early redeemed and the number of the account to be credited with the Optional Termination Amount (Put); and
- (ii) promptly notify the Common Depositary of receipt of the Put Notice and the Nominal Amount or number of the Securities to be early redeemed.

Upon early redemption of part of the Global Security, the Common Depositary will note such early redemption on the Schedule to the Global Security and the Nominal Amount or number of Securities so redeemed as represented by the Global Security shall be cancelled *pro tanto*.

*Effect of Put Notice:*

Delivery of a Put Notice shall constitute an irrevocable election by the Securityholder in respect of the early redemption of the Securities specified therein, provided that the person executing and delivering such Put Notice is the person then appearing in the records of the relevant Clearance System as the holder of the relevant Securities. If the person executing and delivering the Put Notice is not the person so appearing, such Put Notice shall for all purposes become void and shall be deemed not to have been so delivered.

After the delivery of a Put Notice (other than an Put Notice which shall become void) by a Securityholder, such Securityholder shall not be permitted to transfer either legal or beneficial ownership of the Securities redeemed thereby. Notwithstanding this, if any Securityholder does so transfer or attempt to transfer such Securities, the Securityholder will be liable to the Issuer for any losses, costs and expenses suffered or incurred by the Issuer including those suffered or incurred as a consequence of it having terminated any related hedging operations in reliance on the relevant Put Notice and subsequently: (i) entering into replacement hedging operations in respect of such Securities; or (ii) paying any amount on the subsequent redemption of such Securities without having entered into any replacement hedging operations.



Any Securities that are the subject of a valid Put Notice, will be redeemed on the relevant Optional Termination Date (Put) at an amount equal to the relevant Optional Termination Amount (Put) plus any unpaid distribution (where applicable) accrued to (but excluding) the Optional Termination Date (Put) less any applicable Break Fees.

**(c) Debit of Securityholder's Account on exercise or early redemption**

The relevant Clearance System will on or before the Cash Settlement Payment Date or Optional Termination Date debit the relevant account of the Securityholder and credit the relevant account of the relevant Paying Agent (in favour of the Issuer) with: (i) the Securities being exercised or that are the subject of the relevant Put Notice, (ii) any applicable Taxes (if any) in respect of the Securities being exercised or early redeemed, (iii) any Break Fee, if applicable, and (iv) any other amounts as may be specified in the relevant Issue Terms.

If any of the items set out in the paragraph above are not so credited to the relevant account of the relevant Paying Agent (in favour of the Issuer), then the Issuer shall be under no obligation to make any payment of any nature to the relevant Securityholder in respect of the Securities being exercised or early redeemed, and the Exercise Notice or Put Notice (as applicable) delivered in respect of such Securities shall thereafter be void for all purposes.

**(d) Payments**

Payments of amounts due in respect of Securities represented by a Global Security will be paid to the holder thereof (or, in the case of joint holders, the first named) as appearing in the Register at the close of the business on:

- (i) in respect of any payment relating to a Distribution Amount and where a Distribution Record Date is specified in the applicable Issue Terms, the relevant Distribution Record Date; or
- (ii) the business day (being for this purpose a day on which the relevant Clearance System is open for business) immediately preceding the relevant due date.

**(e) Notices**

Notwithstanding Condition 21 (Notices) of the "*Terms and Conditions of the Securities*", while all the Securities are represented by a Global Security (or by Global Securities) and the Global Security is (or the Global Securities are) deposited with a Clearance System, notices to Securityholders may be given by delivery of the relevant notice to DTC, Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and, in any case, such notices shall be deemed to have been given to the Securityholders in accordance with Condition 21 (Notices) of the "*Terms and Conditions of the Securities*", as applicable, on the date of delivery to DTC, Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system.

## ERISA

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### ERISA

The Securities may not be acquired or held by, or acquired with the assets of, (A) any employee benefit plan (as defined in section 3(3) of ERISA) which is subject to Title I of ERISA, (B) any plan subject to section 4975 of the Code, as amended or (C) any entity whose underlying assets include plan assets by reason of a plan's investment in the entity (within the meaning of the U.S. Department of Labor Regulations section 2510.3-101, as modified by Section 3(42) of ERISA). The term "**ERISA**" means the U.S. Employee Retirement Income Security Act of 1974, as amended.

## UNITED STATES TAXATION

*This discussion is limited to the U.S. federal tax issues addressed below. Additional issues may exist that are not addressed in this discussion and that could affect the U.S. federal tax treatment of the Securities. Investors should seek their own advice based upon their particular circumstances from an independent tax advisor.*

The following summary describes certain U.S. federal income tax considerations that may be relevant to a U.S. holder or a non-U.S. holder (each as defined below) of a Security. This summary is based upon the Code, final, temporary, and proposed Treasury regulations promulgated thereunder, and published rulings, official administrative guidance and court decisions, all as of the date of this Base Prospectus and all of which are subject to change at any time, possibly with retroactive effect. The rules governing the U.S. federal income taxation of option transactions and other derivative financial instruments are complex and depend on a taxpayer's particular circumstances. Accordingly, this summary is not a comprehensive description of all of the tax considerations that may be relevant to any particular investor in a Security. In particular, this summary deals only with U.S. holders of a Security that purchase the Security in its initial offering at the applicable issue price and in whose hands the Security is, and the stock or other property underlying the Security would be, capital assets for U.S. federal income tax purposes. In addition, this discussion assumes that the Warrants are treated as options for U.S. federal income tax purposes, that when issued they are not significantly "in-the-money," and that they are not physically settled. This discussion further assumes that there will be no substitution of another entity in place of the Issuer as principal obligor in respect of the Securities. This discussion applies only to Securities that reference shares issued by a non-U.S. person. MSBV will not attempt to determine whether any non-U.S. issuer of underlying shares referenced by a Security may be a passive foreign investment company ("**PFIC**") for U.S. federal income tax purposes. If any such issuer were a PFIC, certain adverse tax consequences could apply to a U.S. holder. U.S. holders should consult their tax advisors regarding the tax consequences if any such non-U.S. issuer of underlying shares is a PFIC.

This summary does not address the U.S. federal income tax consequences of every type of Security which may be issued under the Program and is subject to any additional discussion regarding U.S. federal taxation contained in the applicable Issue Terms. Accordingly, you should also consult the applicable Issue Terms for any additional discussion of U.S. federal taxation with respect to the specific Securities offered thereunder.

This summary also does not discuss the U.S. federal income tax treatment of a U.S. holder that is subject to special rules, such as:

- a dealer or trader in securities that uses a mark-to-market method of tax accounting;
- a financial institution;
- a life insurance company;
- a tax-exempt organization;
- an entity that is treated for U.S. federal income tax purposes as a partnership or other pass-through entity;
- an investor that purchases a Security with respect to stock in a company that is treated as a PFIC;
- an investor that purchases a Security and holds any other position (whether long or short, direct or indirect) in any asset underlying such Security;
- an investor that enters into a Security as part of a hedge, "straddle" or integrated transaction;
- an investor whose functional currency for U.S. federal income tax purposes is not the U.S. dollar;

- an investor that is required to conform the timing of its income inclusions to its financial statements under the special tax accounting rules set forth in Section 451(b) of the Code; and
- a regulated investment company or a real estate investment trust.

Further, this summary does not address alternative minimum tax consequences, the Medicare tax on investment income or the tax implications for U.S. expatriates and former long-term residents of the United States.

If a partnership (or other entity taxable as a partnership) holds a Security, the tax treatment of a partner will generally depend upon the status of the partner and the activities of the partnership. Partners in partnerships holding a Security should consult their tax advisors regarding the U.S. federal income tax consequences of acquiring, owning, exchanging and disposing of a Security.

U.S. holders are strongly urged to consult their tax advisors concerning the U.S. federal, state, local, foreign and other tax consequences of the ownership and disposition of Securities in their particular circumstances. U.S. holders should also consult their tax advisors as to the possibility of changes of law affecting taxation of derivative financial instruments with contingent payments, including prepaid forward contracts.

For purposes of this discussion, a "**U.S. holder**" means a beneficial owner of a Security that is:

- (i) a citizen or individual resident of the United States, as defined in Section 7701(b) of the Code;
- (ii) a corporation, including any entity treated as a corporation for U.S. federal income tax purposes, created or organized in or under the laws of the United States, any State thereof or the District of Columbia; or
- (iii) an estate or trust, the income of which is subject to U.S. federal income tax without regard to its source.

A "**non-U.S. holder**" is a beneficial owner of a Security that is a non-resident alien individual or a foreign corporation for U.S. federal income tax purposes.

## **U.S. Holders**

### **Warrants**

#### *Premium*

Premium paid by a U.S. holder for a Warrant will generally be treated as a non-deductible capital expenditure. As described in the following two sections, the amount of such premium will be taken into account upon the exercise, sale, transfer, cash settlement, or lapse of the Warrant.

#### *Sale, Transfer, Cash Settlement, or Lapse of Warrants*

A U.S. holder of a Warrant will generally recognize capital gain or loss upon the sale, transfer, cash settlement or lapse of the Warrant in an amount equal to the difference between (i) the amount realized by the investor from such sale, transfer, settlement, or lapse and (ii) the amount of the premium that the investor paid for the Warrant. Such capital gain or loss will be long-term capital gain or loss if the Warrant was held for more than one year. Certain exceptions to such treatment are noted below, and, if appropriate, may be addressed in the applicable Issue Terms.

#### *Mark-to-Market Rules*

Under Section 1256 of the Code, special mark-to-market and character rules apply in the case of certain "non-equity" options and foreign currency contracts. However, these mark-to-market rules will not be applicable

unless the Warrants (other than Warrants denominated in a Specified Currency other than the U.S. dollar) are listed on a "qualified board or exchange" for purposes of Section 1256. Where relevant, the application of these rules to Warrants denominated in a Specified Currency other than the U.S. dollar will be discussed in the applicable Issue Terms.

## **Certificates and Notes**

### ***Classification of the Certificates and Notes***

Although there is uncertainty regarding the U.S. federal income tax consequences of an investment in the Certificates or Notes due to the lack of governing authority, except as noted in the applicable Issue Terms, the Certificates or Notes should be treated as "open transactions" for U.S. federal income tax purposes. No ruling is being requested from the IRS with respect to the Certificates or Notes, and the treatment of the Certificates and Notes described below is not binding on the IRS or a court. Therefore, significant aspects of the U.S. federal income tax consequences of an investment in the Certificates or Notes are uncertain. The following consequences apply to a Certificate or Note if its treatment as an open transaction is respected.

*Coupon Payments.* We intend to treat any coupon payments on the Securities as taxable to a U.S. holder as ordinary income at the time that such payments are accrued or received (in accordance with the U.S. holder's method of tax accounting). The remainder of this discussion assumes that this treatment is respected.

*Treatment Prior to Settlement or Disposition.* Subject to the discussions above under "*Coupon Payments*" and below under "*Possible Alternative Tax Treatment*," a U.S. holder should not be required to recognize taxable income during the term of a Security prior to its settlement or disposition.

*Cash Settlement, Sale, or Other Disposition of the Certificates or Notes.* Upon the cash settlement, sale or other disposition of a Certificate or Note, a U.S. holder will recognize taxable gain or loss, equal to the difference between the amount realized (generally, the amount of cash received) and the U.S. holder's tax basis in the Certificate or Note. For this purpose, the amount realized does not include any coupon paid at settlement and may not include sale proceeds attributable to an accrued coupon, which may be taxed as a coupon payment. In general, a U.S. holder's tax basis in a Certificate or Note will equal the amount the U.S. holder paid to acquire the Certificate or Note. Subject to the discussion below under "*Constructive Ownership*," any such gain or loss generally will be long-term capital gain or loss if the Certificates or Notes were held for more than one year at the time of settlement, sale or other disposition.

*Constructive Ownership.* Some or all of the net long-term capital gain arising from certain "constructive ownership" transactions may be characterised as ordinary income, in which case an interest charge would be imposed on any such ordinary income. These rules may apply to the Certificates or Notes if the underlying property directly or indirectly includes shares of issuers treated as PFICs or of certain pass-through entities. U.S. holders should consult their tax advisors regarding the possible application of these rules to any Security.

### ***Foreign Currency Rules***

Payments of premium, exercise price, sale proceeds, and cash settlement amounts in respect of Securities that are denominated in a currency other than the U.S. dollar, will be subject to special U.S. tax rules regarding foreign currency transactions. U.S. holders should consult their tax advisors concerning the application of these rules in their particular circumstances.

### ***Possible Alternative Tax Treatment***

Due to the absence of authorities that directly address the proper tax treatment of the Securities, the IRS could seek to treat the Securities under alternative characterisations, some of which are briefly described below.

*Contingent Payment Debt Instruments.* The IRS could seek to treat Certificates or Notes as debt for U.S. federal income tax purposes. If any Certificates or Notes with a term of more than one year (after taking into account

the last possible date that the Certificates or Notes could be outstanding under their terms) were treated as debt, such Certificates or Notes will be treated as contingent payment debt instruments and the tax consequences to a U.S. holder would be determined under Treasury regulations governing such instruments (the "**Contingent Payment Regulations**"). The Contingent Payment Regulations are complex, but very generally would require a U.S. holder to accrue original issue discount on the Certificates or Notes every year at a "comparable yield" for the issuer of the instrument, determined at the time of issuance. In addition, the Contingent Payment Regulations require that a projected payment schedule, which results in such a "comparable yield," be determined by the issuer, and that adjustments to income accruals be made to account for differences between the actual and projected amounts of the contingent payments on the contingent debt instruments. To the extent that the actual contingent payments for a taxable year exceed the projected amounts of such payments for that year, the U.S. holder of a contingent debt instrument will recognize ordinary interest income for that taxable year in excess of the cash the owner receives and such excess would increase the U.S. holder's tax basis in the debt instrument. In addition, any gain realized on the settlement, sale, redemption or other disposition would be treated as ordinary income. Any loss realized on such settlement, sale, redemption or other disposition will be treated as an ordinary loss to the extent that the U.S. holder's original issue discount inclusions with respect to the obligation exceed prior reversals of such inclusions required by the adjustment mechanism described above. Any loss realized in excess of such amount generally will be treated as a capital loss.

*Loan and One or More Options.* The IRS could seek to treat Certificates or Notes as a combination of a loan (or deposit) and one or more options. If any Certificates or Notes are so treated, in general, payments that are treated as interest will be taxable to a U.S. holder as ordinary interest income at the time that such payments are accrued or are received (in accordance with the U.S. holder's method of tax accounting), while payments in respect of the options would be taxable in a manner similar to the taxation of corresponding payments described above under "Warrants."

*Interest in the Underlying Property.* Depending on the terms of particular Certificates or Notes, a U.S. holder could be treated as owning the property underlying those Certificates or Notes for U.S. federal income tax purposes. In that event, certain adverse U.S. federal income tax consequences might apply. For example, in the case of Index Securities, the U.S. holder would be required to recognize appropriate amounts of capital gain on the disposition of any shares included in the underlying Index each time that the Index is rebalanced. In addition, such U.S. holder also would be subject to tax on dividends on shares included in the Index in an amount equal to the gross dividends paid by companies whose shares are included in the Index. Furthermore, any current expenses (including any withholding taxes) in respect of shares included in the Index would be treated as if made directly by the U.S. holder, and the deductibility of such expenses (or creditability of such withholding taxes) could be subject to certain limitations.

*Notice 2008-2.* On December 7, 2007, the IRS released a notice that may affect the taxation of holders of the Securities. According to the notice, the IRS and the Treasury are actively considering whether the U.S. holder of an instrument such as the Securities should be required to accrue ordinary income on a current basis, and they are seeking taxpayer comments on the subject. It is not possible to determine what guidance they will ultimately issue, if any. It is possible, however, that under such guidance, U.S. holders of the Securities will be required to accrue income currently and this could be applied on a retroactive basis. The IRS and the Treasury are also considering other relevant issues, including whether additional gain or loss from such Securities should be treated as ordinary or capital, whether non-U.S. holders of such Securities should be subject to withholding tax on any deemed income accruals, and whether the special "constructive ownership rules" of Section 1260 of the Code might be applied to such Securities. U.S. holders are urged to consult their tax advisors concerning the significance, and the potential impact, of the above considerations. The Issuer intends to treat the Securities for U.S. federal income tax purposes in accordance with the treatment described in this Base Prospectus or the applicable Issue Terms unless and until such time as the Treasury and IRS determine that some alternative treatment is more appropriate.

## **Non-U.S. Holders**

Except as noted in the applicable Issue Terms, the following summary describes the tax consequences to non-U.S. holders of the Securities, assuming the treatment of the Securities (as described above under “U.S. Holders”) is respected.

Subject to the discussions under “*Withholding on Dividend Equivalent Payments*,” “*U.S. Foreign Account Tax Compliance Act - FATCA*” and “*Information Reporting and Backup Withholding*”, a non-U.S. holder with no connection to the United States other than the holding of its Security, generally will not be subject to U.S. federal income tax, including withholding tax, on payments on a Security or on proceeds from the sale or other disposition of a Security. If our treatment of the Securities were not respected and amounts paid on the Securities were subject to U.S. withholding tax, we will not be required to pay any additional amounts with respect to amounts withheld.

#### *Withholding on Dividend Equivalent Payments*

Section 871(m) of the Code and Treasury regulations promulgated thereunder (“**Section 871(m)**”) generally impose a 30 per cent. (or a lower applicable treaty rate) withholding tax on dividend equivalents paid or deemed paid to Non-U.S. persons with respect to certain financial instruments linked to U.S. equities or to certain indices that include U.S. equities (each, a “**U.S. Underlying Security**”). Subject to certain exceptions, Section 871(m) generally applies to securities that substantially replicate the economic performance of one or more U.S. Underlying Securities, as determined based on tests set forth in the applicable Treasury regulations and administrative guidance.

In certain circumstances, Section 871(m) withholding could apply to dividend equivalents with respect to underlying non-U.S. entities. For example, Section 871(m) withholding may apply if a Security is linked to a non-U.S. corporation whose dividends would be treated as U.S. source income because a significant portion of the foreign corporation’s gross income is effectively connected with the corporation’s trade or business in the U.S., or if the foreign corporation is treated as a U.S. corporation under Section 7874 of the Code. If withholding is required, none of the Issuer, Guarantor or any other person will pay any additional amounts with respect to the amounts so withheld. You should consult your tax advisor regarding the potential application of Section 871(m) to the Securities.

#### **U.S. Foreign Account Tax Compliance Act – FATCA**

The Issuer and other financial institutions through which payments on the Securities are made may be required to withhold U.S. tax at a rate of 30 per cent. on all, or a portion of, payments on the Securities pursuant to Sections 1471 through 1474 of the Code or similar law implementing an intergovernmental agreement related thereto or a voluntary agreement entered into connection therewith (“**FATCA**”). This withholding tax may be triggered if (a) an investor does not provide information sufficient for the Issuer to determine whether the investor is a United States person for U.S. federal income tax purposes or should otherwise be treated as holding a “United States account” of the Issuer, or (b) any foreign financial institution (“**FFI**”) that is an investor, or through which payment on such Securities is made, is not a “Participating FFI” (or otherwise deemed compliant with or exempt from the requirements of FATCA). Although, under current law, withholding under FATCA does not apply to payments of non-U.S.-source income, such withholding could apply under future U.S. Treasury regulations with respect to certain “foreign passthru payments.” Under currently issued guidance, should the Securities (a) be issued after the date that is six months after the date on which final U.S. Treasury regulations which define the term “foreign passthru payment” are filed with the Federal Register (the “Grandfathering Date”), (b) be issued before the Grandfathering Date if the Securities are significantly modified for U.S. tax purposes, if such substitution or modification results in a deemed exchange of the Securities for U.S. federal income tax purposes after the Grandfathering Date or (c) be classified as equity for U.S. tax purposes or lack a stated expiration or term, then (pursuant to FATCA) the Issuer and other financial institutions through which payments on the Securities are made may be required to withhold U.S. tax at a rate of 30 per cent. on payments in respect of the Securities which are treated as “foreign passthru payments” and made on or after the date of publication in the Federal Register of final regulations defining the term “foreign passthru payment.” In addition, withholding under FATCA may be triggered if Securities of any series are treated as indebtedness for U.S. federal income tax purposes and after the

Grandfathering Date the Issuer creates and issues further Securities of the same series in a manner that does not constitute a "qualified reopening" for U.S. federal income tax purposes. Under proposed Treasury regulations (which taxpayers can rely on prior to their finalization if the taxpayers apply them consistently), certain "benchmark" rate replacements would not give rise to deemed exchanges for U.S. federal income tax purposes, provided that certain conditions set forth in the proposed regulations are met.

Final U.S. Treasury regulations defining the term "foreign passthru payment" have not yet been filed with the Federal Register. Under proposed Treasury regulations, withholding on foreign passthru payments will not apply prior to the date that is two years after the date on which applicable final Treasury regulations defining "foreign passthru payments" are filed.

If an amount in respect of U.S. withholding tax were to be deducted or withheld from any payments on the Securities, none of the Issuer, Guarantor or any other person would be required to pay additional amounts as a result of the deduction or withholding of such tax. As a result, investors may receive less interest or principal than expected. Holders of Securities should consult their own tax advisors on how these rules may apply to payments they receive under the Securities.

### **Information Reporting and Backup Withholding**

The Paying Agent (and other intermediaries) may be required to file information returns with the IRS with respect to payments made to certain U.S. holders of Securities. In addition, certain U.S. holders may be subject to backup withholding tax in respect of such payments if they do not provide their taxpayer identification numbers to the Paying Agent (or other intermediary). In general, U.S. information reporting and backup withholding will not apply to payments on Securities held by a non-U.S. holder and received outside the United States through a non-U.S. bank or other non-U.S. financial institution. Proceeds on sales and payments on Securities received within the United States or through certain U.S.-related financial institutions may be subject to information reporting and backup withholding unless the non-U.S. holder complies with applicable tax identification and certification procedures to establish that it is not a United States person for U.S. federal income purposes. If backup withholding is required, none of the Issuer, Guarantor or any other person will be required to pay any additional amounts with respect to amounts so withheld.

Non-U.S. holders should consult their own tax advisors regarding the application of information reporting and backup withholding in their particular situations, the availability of an exemption therefrom and the procedure for obtaining the exemption, if available. Backup withholding is not an additional tax. Any amounts withheld from a payment to a non-U.S. holder under the backup withholding rules will be allowed as a credit against the holder's U.S. federal income tax liability and may entitle the holder to a refund of any excess amounts withheld under the backup withholding rules by timely filing the appropriate claim for refund with the IRS and furnishing all required information.



## UNITED KINGDOM TAXATION

*The following applies only to persons who are beneficial owners of Securities and is a summary of the Issuer's understanding of current United Kingdom law and published HM Revenue and Customs ("HMRC") practice in the United Kingdom relating to the deduction for or on account of United Kingdom income tax from payments of annual payments and interest arising on the Securities and stamp duties or subsequent transfer on the issue of Securities. It does not deal with any other United Kingdom taxation implications of acquiring, holding or disposing of the Securities. Some aspects do not apply to certain classes of person (such as dealers and persons connected to the Issuer) to whom special rules may apply. The United Kingdom tax treatment of prospective holders of Securities depends on their individual circumstances and may be subject to change in the future. Prospective holders of Securities who are in any doubt as to their tax position or who may be subject to tax in a jurisdiction other than the United Kingdom should seek their own professional advice.*

### **Payments of Distribution Amounts on the Warrants and exercisable Certificates**

Distribution Amounts may be paid in respect of these Securities without withholding or deduction for or on account of United Kingdom income tax unless such Distribution Amount is regarded as arising in the United Kingdom. This will depend on the terms of the relevant Securities and prospective Securityholders should therefore take legal advice on the question of whether any particular Distribution Amount payable under the Securities may be regarded as such.

Even if Distribution Amounts are regarded as arising in the United Kingdom for United Kingdom tax purposes, such payments may generally be made without withholding or deduction for or on account of United Kingdom income tax where such payments do not constitute interest or annual payments for United Kingdom tax purposes. If Distribution Amounts are regarded as both arising in the United Kingdom and constituting interest or annual payments for United Kingdom tax purposes, payment of such Distribution Amounts would generally fall to be paid under deduction of United Kingdom income tax at the basic rate (currently 20 per cent.) subject to such relief as may be available following a direction from HMRC pursuant to the provisions of any applicable double taxation treaty or any other exemption which may apply.

### **Payments of Distribution Amounts on the Notes**

Payments of Distribution Amounts on the Notes which constitute interest for United Kingdom tax purposes may be made without withholding or deduction for or on account of United Kingdom income tax unless such interest is regarded as arising in the United Kingdom for United Kingdom tax purposes. This will depend on the terms of the relevant Notes and prospective Securityholders should therefore take legal advice on the question of whether any particular Notes carry a right to United Kingdom source interest.

As regards interest on Notes which is regarded as arising in the United Kingdom, no amount on account of United Kingdom tax will be required to be deducted from such interest in the following circumstances:

- (i) where the Notes are and continue to be listed on a "**recognised stock exchange**" within the meaning of section 1005 of the Income Tax Act 2007. Euronext Dublin is a recognised stock exchange. The Notes will satisfy this requirement if they are officially listed in the Republic of Ireland in accordance with provisions corresponding to those generally applicable in EEA states and are admitted to trading on Euronext Dublin. Provided, therefore that the Notes remain so listed, interest on the Notes will be payable without withholding or deduction on account of United Kingdom tax; or
- (ii) where the maturity of the Notes is less than 365 days (and those Notes do not form part of a scheme or arrangement of borrowing intended to be capable of remaining outstanding for more than 364 days).

In cases where interest on the Notes arises in the United Kingdom which falls outside the exemptions described above, interest on Notes may fall to be paid under deduction of United Kingdom income tax at the basic rate

(currently 20 per cent.) subject to such relief as may be available following a direction from HMRC pursuant to the provisions of any applicable double taxation treaty, or to any other exemption which may apply.

### **Stamp Duties**

Depending on the terms and conditions of the Securities, United Kingdom stamp duty may be payable on the issue or the subsequent transfer of such Securities. Prospective Securityholders should take their own advice from an appropriately qualified professional adviser in this regard.

Even if an instrument granting or transferring a Security is subject to United Kingdom stamp duty there may be no practical necessity to pay that stamp duty, as United Kingdom stamp duty is not an assessable tax. However, an instrument which is not duly stamped cannot be used for certain purposes in the United Kingdom; for example it will be inadmissible in evidence in civil proceedings in a United Kingdom court.

In the event that an instrument is subject to United Kingdom stamp duty, and it becomes necessary to pay that stamp duty (for example because this is necessary in order to enforce the document in the United Kingdom), interest will be payable (in addition to the stamp duty) in respect of the period from 30 days after the date of execution of the instrument to the date of payment of the stamp duty. Penalties may also be payable if an instrument which is executed outside the United Kingdom is not stamped within 30 days of first being brought into the United Kingdom. In the case of a Global Security representing a Series of Securities and Securities in definitive form, if any United Kingdom stamp duty is required to be paid, it would be payable at a rate of 0.5 per cent. by reference to the amount of consideration given for the Securities represented by that Global Security or those Securities in definitive form.

## NETHERLANDS TAXATION

### General

*The following summary outlines the principal Netherlands tax consequences of the acquisition, holding, settlement, redemption and disposal of the Securities, but does not purport to be a comprehensive description of all Netherlands tax considerations in relation thereto. This summary is intended as general information only and each prospective investor should consult a professional tax adviser with respect to the tax consequences of an investment in the Securities. The principal Netherlands tax consequences outlined below may adversely impact the return an investor will receive under the Securities.*

This summary is based on tax legislation, published case law, treaties, regulations and published policy, in each case as in force as of the date of this Base Prospectus, and does not take into account any developments or amendments thereof after that date whether or not such developments or amendments have retroactive effect. Where this summary refers to The Netherlands, such reference is restricted to the part of the Kingdom of the Netherlands located in Europe.

This summary does not address the Netherlands tax consequences for:

- (i) holders of Securities holding a substantial interest (*aanmerkelijk belang*) or, if such holder is a company, a deemed substantial interest (*fictief aanmerkelijk belang*) in the Issuer and holders of Securities of whom a certain related person holds a substantial interest in the Issuer. Generally speaking, a substantial interest in the Issuer arises if a person, alone or, where such person is an individual, together with his or her partner (statutory defined term), directly or indirectly, as (deemed) settlor, grantor or similar originator (the "**Settlor**") or upon the death of the Settlor, his/her beneficiaries (the "**Beneficiaries**") in proportion to their entitlement to the estate of the Settlor of a trust, foundation or similar arrangement (the "**Trust**") holds (i) an interest of 5 per cent. or more of the total issued capital of the Issuer or of 5 per cent. or more of the issued capital of a certain class of shares of the Issuer, (ii) rights to acquire, directly or indirectly, such interest or (iii) certain profit sharing rights in the Issuer;
- (ii) holders of Securities that are considered to be affiliated (*gelieerd*) to the Issuer within the meaning of the Dutch Withholding Tax Act 2021 (*Wet bronbelasting 2021*). Generally, an entity is regarded as 'affiliated' for these purposes if it, either alone or as part of a collaborating group (*samenwerkende groep*), can exercise decisive influence on the activities of the Issuer (or if the Issuer can, either alone or as part of a collaborating group, exercise such influence on the activities of the other entity, or if there is a third party, either alone or as part of a collaborating group, that can exercise such control over both the Issuer and such other entity), which is in any event the case if one holds more than 50% of the statutory voting rights;
- (iii) investment institutions (*fiscale beleggingsinstellingen*);
- (iv) pension funds, exempt investment institutions (*vrijgestelde beleggingsinstellingen*) or other entities that are exempt from Netherlands corporate income tax; and
- (v) holders of Securities that are a resident of any non-European part of the Kingdom of The Netherlands.

### Withholding Tax

All payments made by the Issuer under the Securities may be made free of withholding or deduction for any taxes of whatsoever nature imposed, levied, withheld or assessed by the Netherlands or any political subdivision or taxing authority thereof or therein, provided that the Securities (i) have a maturity – legally or *de facto* – of not more than 50 years, and (ii) will not represent, be linked to (the performance of) or be convertible (in part or in whole) into, (rights to purchase) (a) shares, (b) profit certificates (*winstbewijzen*),

and/or (c) debt instruments having a maturity – legally or *de facto* – of more than 50 years, issued by the Issuer, the Guarantor or any other entity related to the Issuer and/or the Guarantor.

### Corporate and Individual Income Tax

#### (a) Residents of the Netherlands

If a holder is a resident or deemed to be a resident of the Netherlands for Netherlands tax purposes and is fully subject to Netherlands corporate income tax or is only subject to Netherlands corporate income tax in respect of an enterprise and to which enterprise or part of an enterprise, as the case may be, the Securities are attributable, income derived from the Securities and gains realised upon the redemption, settlement or disposal of the Securities are generally taxable in the Netherlands (at up to a maximum rate of 25 per cent.).

If an individual holder is a resident or deemed to be a resident of the Netherlands for Netherlands tax purposes, income derived from the Securities and gains realised upon the redemption, settlement or disposal of the Securities are taxable at the progressive rates (at up to a maximum rate of 49.50 per cent.) under the Netherlands Income Tax Act 2001 (*Wet inkomstenbelasting 2001*), if:

- (i) the holder is an entrepreneur (*ondernemer*) and has an enterprise to which the Securities are attributable; or
- (ii) such income or gains qualify as income from miscellaneous activities (*resultaat uit overige werkzaamheden*), which include the performance of activities with respect to the Securities that exceed regular, active portfolio management (*normaal, actief vermogensbeheer*).

If neither condition (i) nor condition (ii) applies to the holder of the Securities who is resident or deemed to be a resident of the Netherlands for Netherlands tax purposes, such individual holder will not be subject to Netherlands taxes on income actually received or gains actually realised. Instead, such individual is generally taxed at a flat rate of 31 per cent. on deemed income from "savings and investments" (*sparen en beleggen*), which deemed income is determined on the basis of the amount included in the individual's "yield basis" (*rendementsgrondslag*) at the beginning of the calendar year (minus a tax-free threshold of EUR 50,000). For the 2021 tax year, the deemed income derived from savings and investments will amount to 1.898 per cent. of the individual's yield basis up to and including EUR 50,000 (fifty thousand Euro), 4.501 per cent. of the individual's yield basis exceeding EUR 50,000 (fifty thousand Euro) up to and including EUR 950,000 (nine hundred fifty thousand Euro) and 5.69 per cent. of the individual's yield basis in excess of EUR 950,000 (nine hundred fifty thousand Euro). The percentages to determine the deemed income will be reassessed every year.

#### (b) Non-residents of the Netherlands

If a holder is not a resident nor is deemed to be a resident of the Netherlands for Netherlands tax purposes, such holder is not taxable in respect of income derived from the Securities and gains realised upon the settlement, redemption or disposal of the Securities, unless:

- (i) the holder is not an individual and such holder has an enterprise that is, in whole or in part, carried on through a permanent establishment or a permanent representative in the Netherlands to which permanent establishment or permanent representative the Securities are attributable.

This income is subject to Netherlands corporate income tax at up to a maximum rate of 25 per cent.

- (ii) the holder is an individual and such holder (1) has an enterprise or an interest in an enterprise that is in whole or in part carried on through a permanent establishment or a permanent representative in the Netherlands to which permanent establishment or permanent representative the Securities are attributable, or (2) realises income or gains with respect to the Securities that qualify as income from miscellaneous activities (*resultaat uit overige werkzaamheden*) in the Netherlands, which activities include the performance of activities in the Netherlands with respect to the Securities which exceed regular, active portfolio management (*normaal, actief vermogensbeheer*).

Income derived from the Securities as specified under (1) and (2) is subject to individual income tax at up to a maximum rate of 49.50 per cent.

### **Gift and Inheritance Tax**

Netherlands gift or inheritance taxes will not be levied on the occasion of the transfer of Securities by way of gift by, or on the death of, a holder of Securities unless:

- (i) the holder of Securities is, or is deemed to be, resident in The Netherlands for the purpose of the relevant provisions; or
- (ii) the transfer is construed as an inheritance or gift made by, or on behalf of, a person who, at the time of the gift or death, is or is deemed to be resident in The Netherlands for the purposes of the relevant provisions.

A holder of Dutch nationality is deemed to be a resident of the Netherlands for the purposes of the Netherlands gift and inheritance tax if he or she has been resident in the Netherlands and dies or makes a gift within ten years after leaving the Netherlands. A holder of any other nationality is deemed to be a resident of the Netherlands for the purposes of the Netherlands gift tax if he or she has been resident in the Netherlands and makes a gift within a twelve month period after leaving the Netherlands. The same twelve-month rule may apply to entities that have transferred their seat of residence out of the Netherlands.

For gift and inheritance tax purposes, (i) a gift by a third party such as a trustee, foundation or similar entity or arrangement, will be construed as a gift by the Settlor, and (ii) upon the death of the Settlor, as a rule, his/her Beneficiaries, will be deemed to have inherited directly from the Settlor. Subsequently, the Beneficiaries will be deemed the settlor, grantor or similar originator of the Trust for purposes of the Netherlands gift and inheritance tax in case of subsequent gifts or inheritances.

### **Value Added Tax**

In general, no value added tax will arise in respect of payments in consideration for the issue of the Securities or in respect of a cash payment made under the Securities, or in respect of a transfer of Securities.

### **Other Taxes and Duties**

No registration tax, customs duty, transfer tax, stamp duty or any other similar documentary tax or duty, will be payable in the Netherlands by a holder in respect of or in connection with the subscription, issue, placement, allotment, delivery or transfer of the Securities.

## IRELAND TAXATION

*The following is a summary of the Irish withholding tax treatment of payments made by the Issuer in respect of the Securities to investors who are the beneficial owners of the Securities. Particular rules not discussed below may apply to certain classes of taxpayers holding Securities, including dealers in securities and trusts. The summary does not purport to be a comprehensive description of all of the tax considerations that may be relevant to a decision to purchase, own or dispose of the Securities. The summary is based upon Irish tax laws and the practice of the Irish Revenue Commissioners as in effect on the date of this Base Prospectus, which are subject to prospective or retroactive change. Prospective investors in the Securities should consult their own advisors as to the Irish tax consequences of the purchase, beneficial ownership and disposition of the Securities. The application of Irish withholding tax on payments made by the Issuer in respect of the Securities may have an adverse impact on the return an investor will receive under the Securities.*

Tax at the standard rate of income tax (currently 20 per cent.) is required to be withheld from payments of Irish source interest. The Issuer will not be obliged to withhold Irish income tax from payments of interest on the Securities so long as such payments do not constitute Irish source income. Interest paid on the Securities may be treated as having an Irish source if:

- (a) the Issuer is resident in Ireland for tax purposes; or
- (b) the Issuer has a branch or permanent establishment in Ireland, the assets or income of which are used to fund the payments on the Securities; or
- (c) the Issuer is not resident in Ireland for tax purposes but the register for the Securities is maintained in Ireland.

It is anticipated that, (i) the Issuer is not and will not be resident in Ireland for tax purposes and (ii) the Issuer does not and will not have a branch or permanent establishment in Ireland and the Issuer will not maintain a register of any registered Securities in Ireland.

### **Encashment Tax**

Irish tax will be required to be withheld at the rate of 25 per cent. on any interest, dividends or annual payments payable out of or in respect of the stocks, funds, shares or securities of a company not resident in Ireland, where such interest, dividends or annual payments are collected or realised by a bank or encashment agent in Ireland.

Encashment tax will not apply where the holder of the Securities is not resident in Ireland and has made a declaration in the prescribed form to the encashment agent or bank.

## KINGDOM OF SAUDI ARABIA TAXATION

### Brief overview of Saudi Arabian Tax and Zakat

*The following is a general overview of Saudi Arabian tax/Zakat. It is not meant to be a complete analysis of the tax/Zakat considerations relating to the offering. Prospective buyers should consult their own tax/Zakat advisors to determine the tax/Zakat impact of purchase, holding and disposal prior to investing. The application of the Saudi Arabian tax/Zakat may have an adverse impact on the return an investor will receive under the Securities.*

#### *Basis for settlement of corporate income tax*

- Corporate income tax at 20 per cent is applied to the non-Saudi/non-Gulf Cooperation Council ("GCC") share of the tax base (gross income less tax allowable expenses) in a resident capital company (e.g. a limited liability company or joint stock company) and a non-resident which carries on business in the Kingdom of Saudi Arabia ("KSA") through a Permanent Establishment ("PE").
- A PE of a non-resident in the KSA, unless otherwise stated in the tax law, consists of the permanent place of the non-resident's activity through which it carries out business, in full or in part, including business carried out through its agent.
- The tax base of a resident capital company is the share of the non-Saudi/non-GCC partners in its taxable income from any activity from sources within the KSA less deductible expenses. Whereas, the tax base of a non-resident who performs an activity within KSA through a PE is his taxable income arising from or related to the activity of such PE less deductible expenses.
- Gain arising on disposal of securities of companies traded in KSA stock exchange are not subject to capital gains tax in KSA taking into consideration that the disposal is performed in accordance with the regulations of the Saudi stock exchange and the securities disposed of are not existing before the enforcement of the tax law set forth in Article (74) of the Bylaws (i.e. July 30, 2004).
- Furthermore, capital gains realized from disposal of securities traded in the stock market *outside the KSA* by sale or trading or otherwise is likewise exempt if such securities are also traded in the Saudi stock exchange and the securities disposed of were not existing before the enforcement of the tax law set forth in Article (74) of the Bylaws (i.e. July 30, 2004).

#### *Basis of settlement of Zakat*

- Under the Zakat regulations, the following shall be subject to zakat in Saudi Arabia:
  - Saudi resident capital companies with respect to their GCC shareholding;
  - Saudi natural resident GCC persons who are doing business in the Kingdom; and
  - Saudi listed companies (companies which are listed in Tadawul – Saudi stock exchange), with respect to their non-GCC shareholders other than original shareholders (founders) or their successors (new shareholder that replaces the original shareholder or founder) as per articles of association or other supporting documents, and with respect to the shares owned by Saudi Government departments /organizations.
- Under the Zakat regulations, there are two (2) components with different zakat rates when calculating the Zakat liability, as follows:

- a. **Zakat base (2.5776836% if it is an ordinary year or 2.5847458% if it is a leap year)** – Zakat is assessed at 2.5% of zakat base for Hijri year. Where zakatpayer’s fiscal year is Gregorian calendar year, zakat is assessed at 2.5776836% if it is an ordinary year or 2.5847458% if it is a leap year on the Saudi and GCC shareholder’s share of the Company’s “net assessable funds” (*excluding* the share of net adjusted profit for the year). The net assessable funds for Zakat purposes generally comprise capital employed, reserves, provisions (less utilizations), long-term financing and other funds and credit balances (payable items) that remained in the business for more than a year, less fixed assets, long-term investments and deferred costs.
- b. **Adjusted profit (2.5%)** – Zakat in adjusted profit is calculated by multiplying 2.5% with the Saudi and GCC shareholder’s share of the Company’s net adjusted profit during the year.

The total zakat liability for the year will be the sum of (a) and (b) above. However, if the zakat base (item a above) for the year is negative or lower than the adjusted profit (item b above), the Zakat liability will be calculated only on the adjusted profit as in item (b) above.

- Generally, the value of investments in bonds, Sukuk, currencies, deposits, or future contracts, are not currently considered allowable deductions from the Zakat base.

#### *Withholding tax*

- Saudi income tax law provides for withholding tax on payments for services rendered by non-resident persons to a Saudi resident person or a PE of a non-resident person in KSA.
- The rates of withholding tax range between 5 per cent up to 20 per cent, depending on the nature of services/payments.
- Payment of dividends to non-resident shareholders will be subject to 5 per cent withholding tax.
- Withholding tax paid or payable is disallowed as a deduction from the taxable income.

#### **Tax and Zakat on Securities**

Resident Securityholders, subject to Saudi tax/Zakat will be required to settle tax or Zakat on the basis of their nationality.

From a Saudi Zakat perspective, investments in bonds, currencies, deposits and future contracts are not allowable deductions from the Zakat base. Furthermore, investment in the share capital of foreign entities can be claimed as a deduction to Zakat base provided that Zakat is calculated based on the audited financial statements of foreign investee entities and settled by the resident entity to the Saudi Arabian General Authority of Zakat and Tax.

Investment in share capital of Saudi company should be allowed as a deduction as long as the investee settles Zakat.

On disposal of the Securities, the Investor may earn capital gains. Capital gains are considered tax exempt if arising from the disposal of securities of companies traded on Saudi stock exchange (i.e., Tadawul), provided the disposal of securities is done in compliance with the Saudi stock exchange regulations in the Kingdom and the securities are issued following the effective date of the tax law set forth in Article (74) of the Bylaws (i.e., July 30,2004). In respect of the securities traded *outside* KSA, the same is also exempt if such securities are likewise traded in the Saudi stock exchange and the securities disposed of were not existing before the enforcement of the tax law set forth in Article (74) of the Bylaws (i.e. July 30, 2004). If the conditions mentioned are not met, gains realized on disposal of securities will form part of the Investor’s normal income



subject to either 20 per cent tax or 2.5 per cent zakat (as part of the net adjusted profit subject to zakat) depending on the Investor's tax and zakat status.

## PROPOSED FINANCIAL TRANSACTION TAX

On 14 February 2013, the European Commission published a proposal (the "**Commission's Proposal**") for a directive for a common financial transactions tax (the "**FTT**") in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia. However, Estonia has since stated that it will not participate (the "**participating Member States**").

The Commission's Proposal has a very broad scope and could, if introduced, apply to certain dealings in the Securities (including secondary market transactions) in certain circumstances. The issuance and subscription of Securities should, however, be exempt.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Securities where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

On 3 December 2018, the finance ministers of France and Germany outlined a joint proposal for a limited FTT modelled on a system already in place in France. Under the new proposal, the tax would only apply to transactions involving shares issued by domestic companies with a market capitalisation of over 1 billion euros.

The original FTT proposal remains, however, subject to negotiation between the participating Member States. It may therefore be adopted in the form originally proposed or altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate. Prospective holders of the Securities are advised to seek their own professional advice in relation to the FTT.

If, on or after the Trade Date, due to the implementation of the proposed Financial Transaction Tax or otherwise by the adoption of or any change in any applicable law or regulation (including, without limitation, any law or regulation implementing a system of financial transaction tax in any jurisdiction, including the European Union, relating to any tax payable in respect of the transfer of, or entry into or modification or unwind of, any financial instruments), the Issuer determines that it (directly or through an Affiliate) would incur or has incurred a materially increased amount of tax, transfer tax, duty, stamp duty, stamp duty reserve tax, expense or fee (other than brokerage commissions) in relation to its obligations under the Securities or its related hedge positions ("**Additional Tax**"), the Issuer may (if the Conditions of the Securities so allow) adjust the Conditions of the Securities to reduce the amount otherwise payable under the Securities to holders of such Securities in order to pass on to the holders of such Securities the full amount of such Additional Tax incurred by the Issuer directly or through such Affiliate.

## SUBSCRIPTION AND SALE AND TRANSFER RESTRICTIONS

The Issuer is offering the Securities on a continuing basis through Morgan Stanley & Co. International plc (which may act, in whole or in part, through an affiliate thereof) and Morgan Stanley & Co. LLC (together with any other distribution agent who may be appointed pursuant to the terms of the Distribution Agreement (as defined below), the “**Distribution Agents**”), who have agreed to use reasonable efforts to solicit, directly or through an affiliate, offers to purchase the Securities. The Issuer will have the sole right to accept offers to purchase Securities and may reject any offer in whole or in part. The Distribution Agents will have the right to reject any offer to purchase Securities solicited by it in whole or in part. The Issuer may pay the Distribution Agents, in connection with sales of the Securities resulting from a solicitation the Distribution Agents made or an offer to purchase received by the Distribution Agents, a commission, which may be in the form of a discount from the purchase price if the Distribution Agents are purchasing the Securities for their own account. Payment of the purchase price of the Securities will be required to be made in immediately available funds.

The Issuer may also sell Securities to a Distribution Agent as principal for its own account at a price to be agreed upon at the time of sale. The Distribution Agents may resell any Securities they purchase as principal at prevailing market prices, or at other prices, as the Distribution Agents determine.

The arrangements for the offer and sale of the Securities from time to time are set out in the amended and restated Distribution Agreement dated on or around 20 July 2021 (as modified and/or amended and/or restated and/or replaced from time to time, the “**Distribution Agreement**”) among the Issuer and the Distribution Agents. Pursuant to the Distribution Agreement, the Issuer and the Distribution Agents have agreed to indemnify each other against certain liabilities, or to contribute payments made in respect thereof. The Issuer has also agreed to reimburse the Distribution Agents for certain expenses.

In order to facilitate the offering of the Securities, the Distribution Agents may engage in transactions that stabilise, maintain or otherwise affect the price of the Securities or any other securities the prices of which may be used to determine payments on those Securities. Specifically, the Distribution Agents may over allot in connection with any offering of the Securities, creating a short position in the Securities for their own accounts. In addition, to cover overallocments or to stabilise the price of the Securities or of any other securities, the Distribution Agents may bid for, and purchase, Securities or any other securities in the open market. Finally, in any offering of the Securities through a syndicate of underwriters, the underwriting syndicate may reclaim selling concessions allowed to an underwriter or a dealer for distributing the Securities in the offering if the syndicate repurchases previously distributed Securities in transactions to cover syndicate short positions, in stabilisation transactions or otherwise. Any of these activities may stabilise or maintain the market price of the Securities above independent market levels. The Distribution Agents are not required to engage in these activities and may end any of these activities at any time.

### **United States of America**

The Securities and the Guarantee have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States, and the Securities may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons, except in certain transactions exempt from the registration requirements of the Securities Act (and any applicable laws of any State of the United States or any other applicable jurisdiction) and under circumstances which will not require either the Issuer or the Guarantor to register under the Investment Company Act. The Securities do not constitute, and have not been marketed as, contracts of sale of a commodity for future delivery (or options thereon) subject to the Commodity Exchange Act, and trading in the Securities has not been approved by the U.S. Commodity Futures Trading Commission under the Commodity Exchange Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act (“**Regulation S**”).

Each Distribution Agent has represented and agreed, and each further Distribution Agent appointed under the Program will be required to represent and agree that, except as permitted by the Distribution Agreement, it will not offer, sell or deliver Securities as part of their distribution at any time within the United States or to,

or for the account or benefit of, U.S. persons (with the exception of the offer or resale of Restricted Securities as described below) and it will have sent to each Distribution Agent to which it sells Securities during the distribution compliance period (as defined in Regulation S) a confirmation or other notice setting out the restrictions on offers and sales of the Securities within the United States or to, or for the account or benefit of, U.S. persons. Terms used in the preceding sentence have the meanings given to them by Regulation S.

The Securities are being offered and sold outside the United States to non-U.S. persons in reliance on Regulation S. In addition, the Distribution Agreement provides that the Distribution Agents may directly or through their respective U.S. broker-dealer affiliates arrange for the offer and resale of Restricted Securities in the United States to QIB/QPs in reliance on Rule 144A or pursuant to another exemption from the registration requirements of the Securities Act.

An offer or sale of Securities within the United States by any dealer (whether or not participating in the offering of such Securities) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A.

This Base Prospectus has been prepared by the Issuer and the Guarantor for use in connection with the offer and sale of the Securities outside the United States to non-U.S. persons, for the offer and resale of the Securities within the United States to QIB/QPs (in the case of the Restricted Securities only) and for the listing of the Securities on Euronext Dublin. The Issuer, the Guarantor and the Distribution Agents reserve the right to reject any offer to purchase Securities, in whole or in part, for any reason. This Base Prospectus does not constitute an offer to any person in the United States or to any U.S. person other than a QIB/QP to whom an offer has been made directly by one of the Distribution Agents or an affiliate of one of the Distribution Agents. Distribution of this Base Prospectus by any non-U.S. person outside the United States or by any QIB/QP in the United States to any U.S. person or to any person within the United States, other than any QIB/QP and those persons, if any, retained to advise such non-U.S. person or QIB/QPs with respect thereto, is unauthorised and any disclosure of any of its contents, without the prior written consent of the Issuer and the Guarantor, is prohibited.

Each issuance of Index Basket Securities and Index Securities may be subject to such additional U.S. selling restrictions as the Issuer and the relevant Distribution Agent may agree as to the terms of such issuance, which additional selling restrictions shall be set out in the Issue Terms.

In addition, in the absence of relief from the U.S. Commodity Futures Trading Commission, offers, sales, resales, trades or deliveries of the Securities, or interests therein, directly or indirectly, in the United States or to, or for the account or benefit of, U.S. persons may constitute a violation of United States law governing commodities trading. As used herein, "**U.S. person**" means (i) an individual who is a citizen or resident of the United States; (ii) a corporation, partnership or other entity treated as a corporation or partnership for United States federal income tax purposes, created or organised in or under the laws of the United States, any State thereof or the District of Columbia, or which has its principal place of business in the United States; (iii) any estate or trust which is subject to United States federal income taxation regardless of the source of its income; (iv) any trust if a court within the United States is able to exercise primary supervision over the administration of the trust and if one or more United States trustees have the authority to control all substantial decisions of the trust (or any trust which elected to be treated as a United States person prior to 20 August 1996); (v) a pension plan for the employees, officers or principals of a corporation, partnership or other entity described in (ii) above; or (vi) any other "**U.S. person**" as such term may be defined in Regulation S under the Securities Act or in the Final Exemptive Order Regarding Compliance with Certain Swap Regulations, as amended from time to time, promulgated by the Commodity Futures Trading Commission under the Commodity Exchange Act.

### **Transfer Restrictions**

Each purchaser of Restricted Securities pursuant to Rule 144A, by accepting delivery of this Base Prospectus or the Securities, will be deemed to have represented, agreed and acknowledged that:

## Subscription and Sale and Transfer Restrictions

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- (a) It (i) is a QIB/QP, (ii) is acting for its own account or for one or more accounts, each of which is a QIB/QP, (iii) will provide notice of the transfer restrictions applicable to such Securities to any subsequent transferee (which transferee shall be deemed to make the same representations herein) and (iv) is aware, and each beneficial owner of such Securities has been advised, that the sale of such Securities to it is being made in reliance on Rule 144A, or pursuant to another exemption from the registration requirements of the Securities Act.
- (b) It will, along with each account for which it is purchasing, hold and transfer beneficial interests in the Securities in an aggregate principal amount that is not less than the minimum denomination of the Securities.
- (c) It understands that the Securities and the Guarantee have not been and will not be registered under the Securities Act and that neither the Issuer nor the Guarantor has registered or will register as an investment company under the Investment Company Act, and that trading in the Securities has not been approved by the U.S. Commodity Futures Trading Commission under the Commodity Exchange Act. It understands that Restricted Securities may not be offered, sold, pledged or otherwise transferred except (i) in accordance with Rule 144A to a person that the holder and any person acting on its behalf reasonably believes is a QIB/QP purchasing for its own account or for one or more accounts, each of which is a QIB/QP, and whom the holder has informed, in each case, that such offer, sale, pledge or other transfer is being made in reliance on Rule 144A, and in a principal amount of not less than U.S.\$100,000 for the purchaser and for each such account or (ii) to a person that is not a U.S. person (within the meaning of Regulation S) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S who takes delivery in the form of an interest in an Unrestricted Global Security, in each case in accordance with any applicable laws of any State of the United States or any other applicable jurisdiction.
- (d) It understands that the Issuer has the right to compel any beneficial owner that is a U.S. person and not a QIB/QP to sell its interest in the Securities, or may sell such interest on behalf of such owners. In addition, the Issuer has the right to refuse to honour the transfer of an interest in the Securities to a U.S. person who is not a QIB/QP. In addition, it understands that the Issuer and/or the Guarantor may receive a list of all participants holding positions in its securities from one or more book-entry depositories.
- (e) It understands that Restricted Securities will bear a legend to the following effect:

"THIS SECURITY AND THE GUARANTEE IN RESPECT THEREOF HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND NEITHER THE ISSUER NOR THE GUARANTOR HAS REGISTERED OR WILL REGISTER AS AN INVESTMENT COMPANY UNDER THE U.S. INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE "**INVESTMENT COMPANY ACT**"). THE SECURITIES DO NOT CONSTITUTE, AND HAVE NOT BEEN MARKETED AS, CONTRACTS OF SALE OF A COMMODITY FOR FUTURE DELIVERY (OR OPTIONS THEREON) SUBJECT TO THE U.S. COMMODITY EXCHANGE ACT OF 1936, AS AMENDED (THE "**COMMODITY EXCHANGE ACT**"), AND TRADING IN THE SECURITIES HAS NOT BEEN APPROVED BY THE U.S. COMMODITY FUTURES TRADING COMMISSION UNDER THE COMMODITY EXCHANGE ACT.

INTERESTS IN THIS SECURITY MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (1) IN ACCORDANCE WITH RULE 144A UNDER THE SECURITIES ACT ("**RULE 144A**") TO A PERSON WHO TAKES DELIVERY IN THE FORM OF AN INTEREST IN A RESTRICTED GLOBAL SECURITY THAT THE HOLDER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVE IS A QUALIFIED INSTITUTIONAL BUYER ("**QIB**") WITHIN THE MEANING OF RULE 144A THAT IS ALSO A QUALIFIED

PURCHASER ("**QP**") AS DEFINED IN SECTION 2(a)(51) OF THE INVESTMENT COMPANY ACT AND THE RULES THEREUNDER PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QIBS, EACH OF WHICH IS ALSO A QP, WHOM THE HOLDER HAS INFORMED, IN EACH CASE, THAT SUCH OFFER, SALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, AND IN A NOMINAL AMOUNT OR PURCHASE PRICE FOR EACH ACCOUNT OF NOT LESS THAN U.S.\$100,000 OR (2) TO A PERSON THAT IS NOT A U.S. PERSON (WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT ("**REGULATION S**")) WHO TAKES DELIVERY IN THE FORM OF AN INTEREST IN AN UNRESTRICTED GLOBAL SECURITY IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S, AND, IN EACH CASE, IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES AND ANY OTHER APPLICABLE JURISDICTION.

THE HOLDER UNDERSTANDS THAT THE ISSUER MAY RECEIVE A LIST OF ALL PARTICIPANTS HOLDING POSITIONS IN ITS SECURITIES FROM ONE OR MORE BOOK-ENTRY DEPOSITORIES.

THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER FROM IT OF THIS SECURITY IN RESPECT HEREOF OF THE RESALE RESTRICTIONS REFERRED TO ABOVE.

THE ISSUER MAY, ACTING IN GOOD FAITH, IN ITS DISCRETION:

- (i) REFUSE TO HONOUR AN INTENDED OR PURPORTED TRANSFER OF AN INTEREST IN THE SECURITIES TO A U.S. PERSON WHO IS NOT A QIB AND A QP OR WHICH WOULD OTHERWISE BE IN VIOLATION OF THE FOREGOING;
- (ii) DETERMINE THAT A TRANSFER OF AN INTEREST IN THE SECURITIES TO A U.S. PERSON WHO IS NOT A QIB AND A QP OR IS OTHERWISE IN VIOLATION OF THE FOREGOING IS VOID AB INITIO, IN WHICH CASE THE TRANSFER WILL BE CANCELLED AND TITLE AND OWNERSHIP OF THE SECURITIES SHALL REVERT TO THE TRANSFEROR; OR
- (iii) IN RESPECT OF ANY SECURITIES OR INTEREST THEREIN THAT HAVE BEEN TRANSFERRED TO A U.S. PERSON WHO IS NOT A QIB AND A QP OR OTHERWISE IN VIOLATION OF THE FOREGOING, THE ISSUER MAY COMPEL ANY HOLDER OR BENEFICIAL OWNER THAT IS A U.S. PERSON AND IS NOT A QIB AND A QP TO SELL ITS INTEREST IN THE SECURITIES, OR MAY SELL SUCH INTEREST ON BEHALF OF SUCH HOLDER OR BENEFICIAL OWNER.

THE SECURITIES MAY NOT BE ACQUIRED OR HELD BY, OR ACQUIRED WITH THE ASSETS OF, (A) ANY EMPLOYEE BENEFIT PLAN (AS DEFINED IN SECTION 3(3) OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("**ERISA**"), WHICH IS SUBJECT TO TITLE I OF ERISA, (B) ANY PLAN SUBJECT TO SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "**CODE**") OR (C) ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE PLAN ASSETS BY REASON OF A PLAN'S INVESTMENT IN THE ENTITY (WITHIN THE MEANING OF THE U.S. DEPARTMENT OF LABOR REGULATIONS SECTION 2510.3-101, AS MODIFIED BY SECTION 3(42) OF ERISA)."

- (f) It understands that before any interest in a Restricted Security may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in an Unrestricted Global Security, it will be required to provide a Transfer Agent with a written certificate (in the form provided in the Issuing and Paying Agency Agreement) as to compliance with applicable securities laws.

- (g) The Issuer, the Guarantor, the Registrar, the Distribution Agents and their affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements. If it is acquiring any Securities for the account of one or more QIB/QPs, it represents that it has sole investment discretion with respect to each such account and that it has full power to make, and does so make, the foregoing acknowledgements, representations and agreements on behalf of each such account. Such purchaser of Restricted Securities agrees that, if any of the acknowledgements, representations or agreements deemed to have been made by it by its purchase of Restricted Securities is no longer accurate, it shall promptly notify each of the Issuer, the Guarantor, the Registrar, the Distribution Agents and their affiliates.

**Prospective purchasers are hereby notified that sellers of the Securities may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.**

Each purchaser of Unrestricted Securities outside the United States pursuant to Regulation S, by accepting delivery of this Base Prospectus or the Securities, will be deemed to have represented, agreed and acknowledged that:

- (a) It is, or at the time such Unrestricted Securities are purchased will be, the beneficial owner of such Unrestricted Securities and it is not a U.S. person (within the meaning of Regulation S) and it is located outside the United States.
- (b) Such Unrestricted Securities have not been and will not be registered under the Securities Act, and trading in the Securities has not been approved by the U.S. Commodity Futures Trading Commission under the Commodity Exchange Act;
- (c) It will not offer, sell, pledge or otherwise transfer such Unrestricted Securities except (i) in accordance with Rule 144A to a person that the holder and any person acting on its behalf reasonably believes is a QIB/QP purchasing for its own account or the account of a QIB/QP, and whom the holder has informed, in each case, that such offer, sale, pledge or other transfer is being made in reliance on Rule 144A and who takes delivery in the form of an interest in the Restricted Global Security in a principal amount of not less than U.S.\$100,000 for the purchaser and for each such account or (ii) to a person that is not a U.S. person (within the meaning of Regulation S) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S, in each case in accordance with all applicable securities laws of any State of the United States and any other applicable jurisdiction and it will provide notice of the foregoing transfer restriction to any subsequent transferee.
- (d) Such Unrestricted Securities will bear a legend to the following effect:

"THIS SECURITY AND THE GUARANTEE IN RESPECT THEREOF HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND NEITHER THE ISSUER NOR THE GUARANTOR HAS REGISTERED OR WILL REGISTER AS AN INVESTMENT COMPANY UNDER THE U.S. INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE "**INVESTMENT COMPANY ACT**"). THE SECURITIES DO NOT CONSTITUTE, AND HAVE NOT BEEN MARKETED AS, CONTRACTS OF SALE OF A COMMODITY FOR FUTURE DELIVERY (OR OPTIONS THEREON) SUBJECT TO THE U.S. COMMODITY EXCHANGE ACT OF 1936, AS AMENDED (THE "**COMMODITY EXCHANGE ACT**"), AND TRADING IN THE SECURITIES HAS NOT BEEN APPROVED BY THE U.S. COMMODITY FUTURES TRADING COMMISSION UNDER THE COMMODITY EXCHANGE ACT.

INTERESTS IN THIS SECURITY MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (1) IN ACCORDANCE WITH RULE 144A UNDER THE SECURITIES ACT ("**RULE 144A**") TO A PERSON WHO TAKES DELIVERY IN THE FORM OF AN

INTEREST IN A RESTRICTED GLOBAL SECURITY THAT THE HOLDER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVE IS A QUALIFIED INSTITUTIONAL BUYER (A "QIB") WITHIN THE MEANING OF RULE 144A THAT IS ALSO A QUALIFIED PURCHASER (A "QP") AS DEFINED IN SECTION 2(a)(51) OF THE INVESTMENT COMPANY ACT AND THE RULES THEREUNDER PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QIBS EACH OF WHICH IS A QP WHOM THE HOLDER HAS INFORMED, IN EACH CASE, THAT SUCH OFFER, SALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, AND IN A NOMINAL AMOUNT OR PURCHASE PRICE FOR EACH ACCOUNT OF NOT LESS THAN U.S.\$100,000 OR (2) TO A PERSON THAT IS NOT A U.S. PERSON (WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT ("**REGULATION S**")) WHO TAKES DELIVERY IN THE FORM OF AN INTEREST IN AN UNRESTRICTED GLOBAL SECURITY IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S, AND, IN EACH CASE, IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES AND ANY OTHER APPLICABLE JURISDICTION.

THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER FROM IT OF THIS SECURITY IN RESPECT HEREOF OF THE RESALE RESTRICTIONS REFERRED TO ABOVE.

THE ISSUER MAY, ACTING IN GOOD FAITH, IN ITS DISCRETION:

- (i) REFUSE TO HONOUR AN INTENDED OR PURPORTED TRANSFER OF AN INTEREST IN THE SECURITIES TO A U.S. PERSON WHO IS NOT A QIB AND A QP OR WHICH WOULD OTHERWISE BE IN VIOLATION OF THE FOREGOING;
- (ii) DETERMINE THAT A TRANSFER OF AN INTEREST IN THE SECURITIES TO A U.S. PERSON WHO IS NOT A QIB AND A QP OR IS OTHERWISE IN VIOLATION OF THE FOREGOING IS VOID AB INITIO, IN WHICH CASE THE TRANSFER WILL BE CANCELLED AND TITLE AND OWNERSHIP OF THE SECURITIES SHALL REVERT TO THE TRANSFEROR; OR
- (iii) IN RESPECT OF ANY SECURITIES OR INTEREST THEREIN THAT HAVE BEEN TRANSFERRED TO A U.S. PERSON WHO IS NOT A QIB AND A QP OR OTHERWISE IN VIOLATION OF THE FOREGOING, THE ISSUER MAY COMPEL ANY HOLDER OR BENEFICIAL OWNER THAT IS A U.S. PERSON AND IS NOT A QIB AND A QP TO SELL ITS INTEREST IN THE SECURITIES, OR MAY SELL SUCH INTEREST ON BEHALF OF SUCH HOLDER OR BENEFICIAL OWNER.

THE SECURITIES MAY NOT BE ACQUIRED OR HELD BY, OR ACQUIRED WITH THE ASSETS OF, (A) ANY EMPLOYEE BENEFIT PLAN (AS DEFINED IN SECTION 3(3) OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("**ERISA**"), WHICH IS SUBJECT TO TITLE I OF ERISA, (B) ANY PLAN SUBJECT TO SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "**CODE**") OR (C) ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE PLAN ASSETS BY REASON OF A PLAN'S INVESTMENT IN THE ENTITY (WITHIN THE MEANING OF THE U.S. DEPARTMENT OF LABOR REGULATIONS SECTION 2510.3-101, AS MODIFIED BY SECTION 3(42) OF ERISA). "

- (e) Unrestricted Securities offered to a person outside the United States that is not a U.S. person in reliance on Regulation S will be represented by beneficial interests in an Unrestricted Global Security. Before any interest in such Unrestricted Global Security may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in the Restricted Global Security, it will be required to provide a Transfer Agent with a written certification (in the form provided in the Issuing and Paying Agency Agreement) as to compliance with applicable securities laws.



- (f) The Issuer, the Guarantor, the Registrar, the Distribution Agents and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements.

### **ERISA**

Each purchaser of Securities, by accepting delivery of this Base Prospectus or the Securities, will be deemed to have represented, agreed and acknowledged that it is not, and it is not acting on behalf of, (A) any employee benefit plan (as defined in section 3(3) of the U.S. Employee Retirement Income Security Act of 1974, as amended ("**ERISA**")), which is subject to Title I of ERISA, (B) any plan subject to section 4975 of the Code or (C) any entity whose underlying assets include plan assets by reason of a plan's investment in the entity (within the meaning of the U.S. Department of Labor Regulations section 2510.3-101, as modified by Section 3(42) of ERISA).

### **Prohibition on the sale of Securities to retail investors in the EEA**

Each Distribution Agent has represented and agreed, and each further Distribution Agent appointed under the Programme will be required to represent and agree, that with effect from 31 December 2017, it has not offered, advised on or otherwise made available and will not offer, advise on or otherwise make available any Security to any one or more retail investors in any member state of the European Economic Area.

For the purposes of this provision, the expression "retail investor" has the meaning given in Regulation (EU) No 1286/2014 (as amended).

### **Public Offer Selling Restriction under the Prospectus Regulation**

In relation to each member state of the European Economic Area (each a "**Relevant State**"), each Distribution Agent has represented, warranted and agreed, and each further Distribution Agent appointed under the Program will be required to represent, warrant and agree, that it has not made and will not make an offer of Securities which are the subject of the offering contemplated by this Base Prospectus as completed by the Issue Terms in relation thereto to the public in that Relevant State except that it may make an offer of such Securities in that Relevant State:

- (a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Regulation;
- (b) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (c) at any time in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Securities referred to above shall require the Issuer or any Distribution Agent to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression, "**an offer of Securities to the public**" in relation to any Securities in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the offer and the Securities to be offered so as to enable an investor to decide to purchase or subscribe the Securities.

### **Prohibition of Sales to EEA Retail Investors**

Unless the Issue Terms in respect of any Securities specifies the "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", each Distribution Agent has represented and agreed, and each further Distribution Agent appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Securities which are the subject of the

offering contemplated by this Base Prospectus as completed by the Issue Terms in relation thereto to any retail investor in the EEA. For the purposes of this provision:

- (A) the expression "retail investor" means a person who is one (or more) of the following:
  - (1) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU, as amended ("**MiFID II**"); or
  - (2) a customer within the meaning of Directive 2016/97/EC (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
  - (3) not a qualified investor as defined in the Prospectus Regulation; and
- (B) the expression an "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Securities to be offered so as to enable an investor to decide to purchase or subscribe the Securities.

### **Ireland**

In relation to each Tranche of Securities, each Distribution Agent subscribing for or purchasing such Securities has represented to, warranted and agreed with, or will represent to, warrant and agree with the Issuer that:

- (a) it will not underwrite the issue of, or place, the Securities, otherwise in conformity with the Companies Act 2014 (as amended) of Ireland;
- (b) it will not underwrite the issue of, or place the Securities, otherwise than in conformity than with the provisions of the European Union (Markets in Financial Instruments) Regulations 2017 (as amended), and it will conduct itself in accordance with any rules or codes of conduct and any conditions or requirements, or any other enactment, imposed or approved by the Central Bank of Ireland;
- (c) it will not underwrite the issue of, or place, the Securities, otherwise than in conformity with the provisions of the Irish Central Bank Acts 1942 – 2019 (as amended) and any codes of conduct rules made under Section 117(1) of the Central Bank Act 1989 (as amended) or section 48 of the Central Bank (Supervision and Enforcement) Act 2013;
- (d) it will not underwrite the issue of, or place, or do anything in Ireland in respect of the Securities otherwise than in conformity with the provisions of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and any rules issued and/or in force pursuant to Section 1363 of the Companies Act 2014 (as amended) of Ireland by the Central Bank of Ireland;
- (e) it will not underwrite the issue of, place or otherwise act in Ireland in respect of the Securities, otherwise than in conformity with the provisions of EU Regulation No 596/2014 (as amended), the European Union (Market Abuse) Regulations 2016 (as amended) and any rules issued and/or in force pursuant to Section 1370 of the Companies Act 2014 (as amended) of Ireland by the Central Bank of Ireland;
- (f) any issue of the Securities with a legal maturity of less than one year will be carried out in strict compliance with the Central Bank of Ireland's implementation notice for credit institutions BSD C 01/02 of 12 November 2002 (as may be amended, replaced or up-dated) and issued pursuant to Section 8(2) of the Irish Central Bank Act, 1971 (as amended); and

- (g) it will not underwrite the issue of, or place, the Securities, otherwise than in conformity with Regulation (EU) No 1286/2014 of the European Parliament and of the Council of 26 November 2014 on key information documents for packaged retail and insurance-based investment products.

### **United Kingdom**

In relation to each Tranche of Securities, each Distribution Agent has represented and agreed, subscribing for or purchasing such Securities, and each further Distribution Agent appointed under the Program will be required to represent and agree with the Issuer and the Guarantor that:

- (a) *Securities with maturities of less than one year*: in relation to any Securities which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Securities other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Securities would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000 (the "**FSMA**") by the Issuer or the Guarantor;
- (b) *Financial promotion*: it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Securities in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Guarantor;
- (c) *General compliance*: it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Securities in, from or otherwise involving the United Kingdom; and
- (d) *Commissions and fees*:
- (i) if it is distributing Securities that are "retail investment products" (as such term is defined in the Financial Conduct Authority Handbook (the "**FCA Handbook**") into the United Kingdom and it is entitled to receive any commission or fee from the Issuer, it will not transfer any part of that commission or fee to any third party who may advise retail investors to purchase a Security that is a retail investment product; and
- (ii) if it is authorised and regulated by the Financial Conduct Authority to provide investment advice to retail investors in the United Kingdom and it is providing a "personal recommendation" (as such term is defined in the FCA Handbook) to retail investors in respect of a Security that is a retail investment product, it undertakes not to request any commission, remuneration or benefit from the Issuer and to otherwise reject any such payment offered to it unless paid in accordance with the adviser charging and remuneration rules set out in the FCA Handbook.

### **Spain**

The Securities may not be listed, offered, sold or distributed in Spain nor any document or offer material be distributed in Spain or targeted at Spanish resident investors, except in accordance with the requirements set out in Spanish laws transposing the Prospectus Directive in particular Royal Legislative Decree 4/2015 of 23 October of the Securities Markets (*Real Decreto Legislativo 4/2015, de 23 de octubre, por el que se aprueba el texto refundido de la Ley del Mercado de Valores*) as amended and restated and Royal Decree 1310/2005 of 4 November on admission to trading of securities in official secondary markets, public offerings and prospectus (*Real Decreto 1310/2005 de 4 de noviembre, por el que se desarrolla parcialmente la Ley 24/1988,*

de 28 de julio, de Mercado de Valores, en materia de admisión a negociación de valores en mercados secundarios oficiales, de ofertas públicas de venta o suscripción y del folleto exigible a tales efectos), or any other related regulations that may be in force from time to time, as further amended, supplemented or restated.

Additionally, this Base Prospectus has not been approved by nor registered with the Spanish Securities Market National Commission (*Comisión Nacional del Mercado de Valores*).

### **The Netherlands**

For selling restrictions in respect of The Netherlands, see "*Public Offer Selling Restriction under the Prospectus Regulation*" above and in addition:

- (a) *Specific Dutch selling restriction for exempt offers*: Each Distribution Agent has represented and agreed and each further Distribution Agent appointed under the Distribution Agreement will be required to represent and agree that it will not make an offer of Securities which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to the public in The Netherlands in reliance on Article 1(4) of the regulation (EU) 2017/1129, "**Prospectus Regulation**", unless:
- (i) such offer is made exclusively to legal entities which are qualified investors (as defined in the Prospectus Regulation and which includes authorised discretionary asset managers acting for the account of retail investors under a discretionary investment management contract) in The Netherlands; or
  - (ii) standard exemption logo and wording are disclosed as required by article 5:4(2) of the Dutch Financial Markets Supervision Act (*Wet op het financieel toezicht*, the "**FMSA**"); or
  - (iii) such offer is otherwise made in circumstances in which article 5:4(2) of the FMSA is not applicable,

**provided that** no such offer of Securities shall require the Issuer or any Distribution Agent to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression an "**offer of Securities to the public**" in relation to any Securities in The Netherlands has the meaning given to it in the Prospectus Regulation.

- (b) *Regulatory capacity to offer Securities in The Netherlands*: Each Distribution Agent under the Distribution Agreement, and each further Distribution Agent appointed under the Program, which did and does not have the requisite Dutch regulatory capacity to make offers or sales of financial instruments in The Netherlands has represented and agreed respectively will be required to represent and agree with the Issuer that it has not offered or sold and will not offer or sell any of the Securities of the Issuer in The Netherlands, other than through one or more investment firms acting as principals and having the Dutch regulatory capacity to make such offers or sales.

### **Hong Kong**

#### WARNING

The contents of this document have not been reviewed by any regulatory authority in Hong Kong. **Any prospective investor is advised to exercise caution in relation to the offer and if any prospective investor is in any doubt about any of the contents of this document, such prospective investor should obtain independent professional advice.**

Each Distribution Agent has represented and agreed (and each further Distribution Agent appointed under the Program will be required to represent and agree) that:

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Securities (except for Securities which are a "structured product" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong) other than (i) to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance; or (ii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance (Winding Up and Miscellaneous Provisions) (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and
- (b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Securities, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Securities which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

### Singapore

Each Distribution Agent has acknowledged that this Base Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Distribution Agent has represented, warranted and agreed, and each further Distribution Agent appointed under the Program will be required to represent and agree that it has not offered or sold any Securities or caused such Securities to be the subject of an invitation for subscription or purchase, and will not offer or sell any Securities or cause such Securities to be made the subject of an invitation for subscription or purchase, nor has it circulated or distributed, nor will it circulate or distribute, this Base Prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of Securities, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), (ii) to a relevant person pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where Securities are subscribed or purchased in reliance of an exemption under Section 274 or 275 of the SFA, the Securities shall not be sold within the period of six months from the date of the initial acquisition of the Securities, except to any of the following persons:

- (i) to an institutional investor (as defined in Section 4A of the SFA);
- (ii) to a relevant person (as defined in Section 275(2) of the SFA); or
- (iii) any person pursuant to an offer referred to in Section 275(1A) of the SFA,

unless expressly specified otherwise in Section 276(7) of the SFA.

Where Securities are subscribed or purchased under Section 275 of the SFA by a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor, securities of that corporation shall not be transferred within six months after that corporation has acquired the Securities pursuant to an offer made under Section 275 of the SFA unless:

- (a) that transfer is made only to institutional investors or relevant persons as defined in section 275(2) of the SFA or arises from an offer referred to in section 275(1A) of the SFA;
- (b) no consideration is or will be given for the transfer;
- (c) the transfer is by operation of law; or

- (d) as specified in Section 276(7) of the SFA.

Where Securities are subscribed or purchased under Section 275 of the SFA by a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that trust has acquired the Securities pursuant to an offer made under Section 275 of the SFA unless:

- (a) the transfer is made only to institutional investors or relevant persons as defined in section 275(2) of the SFA or arises from an offer that is made on terms that such rights or interests are acquired at a consideration of not less than S\$200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets;
- (b) no consideration is or will be given for the transfer;
- (c) the transfer is by operation of law; or
- (d) as specified in Section 276(7) of the SFA.

### **Taiwan**

The Securities, if listed on the Taipei Exchange for sale to professional investors as defined under the Taipei Exchange Rules Governing Management of Foreign Currency Denominated International Bonds ("**Professional Investors**") or general investors in Taiwan and to the extent permitted by the relevant Taiwan laws and regulations, may be sold in Taiwan to the Professional Investors or general investors, as applicable, or, if not listed in Taiwan, may be made available, (i) to Taiwan resident investors outside Taiwan for purchase by such investors outside Taiwan; (ii) to the Offshore Banking Units of Taiwan banks or the Offshore Securities Units of Taiwan securities firms purchasing the Securities either for their proprietary account or for the accounts of their non-Taiwan clients pursuant to the relevant Taiwan laws and regulations; and/or (iii) to investors in Taiwan through licensed Taiwan financial institutions to the extent permitted under relevant Taiwan laws and regulations, but may not, otherwise be offered, sold or resold in Taiwan, unless otherwise permitted by Taiwan laws and regulations.

### **Brazil**

The Securities have not been and will not be issued nor placed, distributed, offered or negotiated in the Brazilian capital markets and, as a result, have not been and will not be registered with the Brazilian Securities Commission (the *Comissão de Valores Mobiliários* or "**CVM**"). Any public offering or distribution, as defined under Brazilian laws and regulations, of the Securities in Brazil is not legal without prior registration under Law No. 6,385 of December 7, 1976 ("**Law No. 6,385**"), as amended, and Instruction No. 400, issued by the CVM on December 29, 2003 ("**CVM Instruction No. 400**"), as amended. Documents relating to the offering of the Securities, as well as information contained therein, may not be supplied to the public in Brazil (as the offering of the Securities is not a public offering of securities in Brazil), nor be used in connection with any offer for subscription or sale of the Securities to the public in Brazil. Therefore, each of the Distribution Agents has represented, warranted and agreed that it has not offered or sold, and will not offer or sell, the Securities in Brazil, except in circumstances which do not constitute a public offering, placement, distribution or negotiation of securities in the Brazilian capital markets regulated by Brazilian legislation.

**Mexico** The Securities have not been registered with the National Securities Registry (*Registro Nacional de Valores*) maintained by the National Banking and Securities Commission (*Comisión Nacional Bancaria de Valores* or CNBV) pursuant to article 7 of the Securities Market Law (*Ley del Mercado de Valores* "LMV") and other applicable provisions under the LMV, the Mexican laws and regulatory provisions. Additionally, this Base Prospectus does not constitute, nor has it been prepared in the context of an offer of securities in compliance with the provisions of the LMV, and therefore, may not be publicly offered or sold in Mexico. The offering materials are the responsibility of the Issuer and may not be publicly distributed in Mexico, unless:

- (a) They are registered before the CNBV and the Securities comply with the registration requirements under Articles 70, 83, 84, 85 of the LMV and other applicable provisions.
- (b) They are registered before the International Quotation System (*Sistema Internacional de Cotizaciones* "SIC") as established under article 262, 263 of the LMV and other applicable provisions of the general dispositions applicable to the SIC or recognized as registered in the SIC as established on article 2 of the general dispositions applicable to the SIC.

In addition, and subject to the foregoing, any offer, sale or delivery of the Securities or distribution of any offer document relating to the Securities in Mexico must be:

- (a) made by financial intermediaries permitted to conduct such activities in Mexico in accordance with Article 113 of the LMV and any other applicable laws and regulatory provisions; and
- (b) in compliance with all relevant Mexican laws and regulations.

However the Issuer, whether directly or indirectly, may offer and sell the Securities in Mexico, on a private placement basis, to Mexican qualified institutional investors pursuant to the applicable law.

### **Chile**

The Securities are not, and will not be, registered in Chile in the Foreign Securities Registrar (*Registro de Valores Extranjeros*) of the Commission for the Financial Market (*Comisión para el Mercado Financiero*), pursuant to Law N° 18,045 about Securities Market (*Ley No. 18,045 de Mercado de Valores*). Therefore, the Securities cannot be publicly offered in Chile. The offering materials are the responsibility of the Issuer and may not be publicly distributed in Chile.

The Issuer shall comply in preparing and offering in Chile the offering materials with applicable law and especially with General Instruction No. 336 issued by Commission for the Financial Market, which provides a safe harbour on the matter. In accordance with such General Instructions, an offering will not constitute a public offering of securities, if complies with the following:

- (a) It is not performed through mass media. According to the General Instruction No. 336, mass media is understood to be, among other media or similar nature or scope, press, radio, television and internet, when those means are publicly accessible in or from Chile, regardless of where they were produced or where they were issued. The following will not be understood as mass media: (i) letters, e-mails and other communications, physical or electronic, that are directed exclusively to a particular person duly specified in the same communication and (ii) one-on-one phone calls, meetings, interviews and electronic restricted access systems;
- (b) It fulfils at least one of the following conditions:
  - (i) It is addressed to institutional investors, (i.e. those defined in numbers 1 through 6 of Section II of the General Instruction No. 216 issued by the Commission for the Financial Market); or
  - (ii) It is addressed to no more than 250 institutional investors (indicated in numbers 7 and 8 of Section II of the General Instruction No. 216 issued by the Commission for the Financial Market) in one or more successive offers, during a 12 month period after the first offer. For this purpose, it is permitted to include within the 250 a maximum of 50 non-institutional investors.

Regardless of the latter, if the security offered has a sole value of at least 5,000 *Unidades de Fomento* (approximately USD 200,000) the conditions provided in letter (b) above will not be required to be fulfilled.

Finally, in accordance with General Instruction No. 336, prior to the offer of securities or at the time of its offer, the Issuer, either directly or on behalf of the person acting as agent or distributor of its securities, must incorporate in all offering materials, whether physical or electronic, the following:

- (a) the date of commencement of the offer and the fact that this offer complies with this regulation;
- (b) a disclaimer that the offer relates to securities not registered in the Securities Register or in the Foreign Securities Register held by the Commission for the Financial Market, and therefore those instruments are not subject to its control;
- (c) a disclaimer indicating that since those securities are not registered there is no obligation by the issuer to deliver public information in Chile regarding these securities;
- (d) a disclaimer indicating that those securities will not be material of a public offer until they are registered in the relevant register.

If the offering materials are in a language other than Spanish, the information specified in subparagraphs (a) through (d) above shall be included in Spanish as well.

### **Kingdom of Bahrain**

#### **NOTICE TO BAHRAIN RESIDENTS**

**The Central Bank of Bahrain and the Bahrain Stock Exchange assume no responsibility for the accuracy and completeness of the statements and information contained in this Base Prospectus and expressly disclaim any liability whatsoever for any loss howsoever arising from reliance upon the whole or any part of the contents of this Base Prospectus. Each potential investor resident in Bahrain intending to subscribe for Securities (each, a "potential investor") may be required to provide satisfactory evidence of identity and, if so required, the source of funds to purchase Securities within a reasonable time period determined by the Issuer and the relevant Distribution Agent(s). Pending the provision of such evidence, an application to subscribe for Securities will be postponed. If a potential investor fails to provide satisfactory evidence within the time specified, or if a potential investor provides evidence but none of the Issuer or the relevant Distribution Agent(s) are satisfied therewith, its application to subscribe for Securities may be rejected in which event any money received by way of application will be returned to the potential investor (without any additional amount added thereto and at the risk and expense of such potential investor). In respect of any potential investors, the Issuer will comply with Bahrain's Legislative Decree No. (4) of 2001 with respect to Prohibition and Combating of Money Laundering and various Ministerial Orders issued thereunder including, but not limited to, Ministerial Order No. (7) of 2001 with respect to Institutions' Obligations Concerning the Prohibition and Combating of Money Laundering.**

#### ***Kingdom of Bahrain***

**Each Distribution Agent has represented and agreed, and each further Distribution Agent appointed under the Program will be required to represent and agree, that it has not offered and will not offer any**



**Securities to the Public (as defined in Articles 142-146 of the Commercial Companies Law (decree Law No. 21/2001 of Bahrain)) in the Kingdom of Bahrain.**

**Kingdom of Saudi Arabia**

*This Base Prospectus may not be distributed in the Kingdom of Saudi Arabia except to such persons as are permitted under the Rules on the Offer of Securities and Continuing Obligations issued by the Capital Market Authority of the Kingdom of Saudi Arabia (the "CMA"). The CMA does not make any representations as to the accuracy or completeness of this Base Prospectus and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Base Prospectus. Prospective purchasers of Securities should conduct their own due diligence on the accuracy of the information relating to the Securities. If a prospective purchaser does not understand the contents of this Base Prospectus he or she should consult an authorised financial adviser.*

No action has been or will be taken in the Kingdom of Saudi Arabia ("**KSA**") that would permit any offer or sale (of any kind) of the Securities in the KSA, or possession (other than in the case of possession by the Issuer or any of its affiliates) or distribution of any offering materials in relation thereto.

Notwithstanding anything to the contrary stated or implied herein, neither the Issuer nor any of its affiliates shall be required to take any action or refrain from taking any action in connection with a Security that it reasonably believes could result in non-compliance with or penalties, loss of tax benefits or reporting obligations under the laws of the United States (including, for avoidance of doubt, U.S. laws restricting direct or indirect participation in or compliance with certain foreign boycotts, or requiring it to report to the U.S. government or its affiliates' direct or indirect participation in or cooperation with such a foreign boycott, as contained in the U.S. Export Administration Act of 1979 and the U.S. Internal Revenue Code, as such laws are amended from time to time) or that it reasonably believes could result in placing it or any of its affiliates in a position of non-compliance with such laws.

## FORM OF GUARANTEE

***The following section sets out the form of guarantee given by Morgan Stanley in respect of Securities issued by MSBV. It is only relevant to Securities issued by MSBV which are guaranteed.***

The Guarantor entered into a guarantee dated 7 April 2006 which was amended and restated on 12 April 2007, 18 November 2010, 17 November 2011, 3 September 2013, 3 September 2014, 2 September 2015, 2 September 2016, 18 August 2017, 17 August 2018, 12 July 2019 and 14 July 2020 (the "**Original Guarantee**"). All references herein to "this Guarantee" or words of similar import shall mean to this Guarantee dated as of 20 July 2021. This Guarantee further amends and restates the Original Guarantee. Any Securities (as defined below) issued on or after the date hereof shall be issued with the benefit of this Guarantee, other than any Securities issued so as to be consolidated and form a single Series with any Securities issued prior to the date hereof. This does not affect any Securities issued prior to the date of this Guarantee.

For value received, Morgan Stanley (the "**Guarantor**") hereby guarantees unconditionally and irrevocably the payment obligations of Morgan Stanley B.V. (the "**Issuer**") in respect of securities issued (the "**Securities**") under the Morgan Stanley B.V. (as issuer) and Morgan Stanley (as guarantor) program (the "**Program**") for the issuance of notes, certificates and warrants, in connection with which it has entered into an issue and paying agency agreement dated 7 April 2006, as amended and restated on 12 April 2007, 11 April 2008, 8 April 2009, 7 April 2010 18 November 2010, 17 November 2011, 18 June 2012, 3 September 2013, 3 September 2014, 2 September 2015, 2 September 2016, 18 August 2017, 17 August 2018, 12 July 2019, 14 July 2020 and 20 July 2021, as the same may be further amended, restated or supplemented from time to time and made between the Issuer, the Guarantor, Deutsche Bank AG, London Branch, Deutsche Bank Luxembourg S.A., Deutsche Trust Company Americas and Morgan Stanley & Co. International plc.

If the Securities are held by a common depository for Euroclear Bank S.A./N.V. ("**Euroclear**") and Clearstream Banking, *société anonyme* ("**Clearstream, Luxembourg**"), or by a Depository Trust Company custodian (the "**DTC Custodian**") for the Depository Trust Company ("**DTC**"), the Guarantor covenants to each person who is for the time being shown in the records of Euroclear, Clearstream (other than, in the case of Euroclear, Clearstream and, in the case of Clearstream, Euroclear) or DTC as the holder of a nominal amount or number of the Securities (the "**Accountholders**") that it shall make such payments under this Guarantee and acknowledges that the Accountholders may take proceedings to enforce this Guarantee directly against the Guarantor. The holders of the Securities from time to time and the Accountholders are referred to herein as the Holders. References to Euroclear, Clearstream or DTC shall include their respective successors and assigns and any other clearing system designated by the Issuer in the applicable Issue Terms.

The Guarantor hereby agrees that it shall not be necessary, as a condition to enforce this Guarantee, that suit be first instituted against the Issuer or that any rights or remedies against the Issuer be first exhausted. Rather, it is understood and agreed that the liability of the Guarantor hereunder shall be primary, direct, and in all respects, unconditional. The obligations of the Guarantor under this Guarantee constitute direct, unconditional and unsecured obligations of the Guarantor and rank without preference among themselves and, subject as aforesaid, *pari passu* with all other outstanding unsecured and unsubordinated obligations of the Guarantor, present and future, but, in the event of insolvency, only to the extent permitted by laws affecting creditors' rights.

The Guarantor shall be fully liable as if it were the principal obligor under the Securities whether any time has been granted to the Issuer, whether the obligations of the Issuer under the Securities have ceased to exist pursuant to bankruptcy, corporate reorganisation or other similar event, whether the Issuer has been dissolved or liquidated or consolidated or has changed or lost its corporate identity and whether or not any other circumstances have occurred which might otherwise constitute a legal or equitable discharge of or defence to a guarantor.

If any moneys shall become payable by the Guarantor under this Guarantee the Guarantor shall not, for so long as the same remain unpaid in respect of any amount paid by it under this Guarantee, exercise any right of subrogation in relation to the Issuer or any other right or remedy which may accrue to it in respect of or as a result of any such payment. The Guarantee of the Guarantor of the Securities will terminate upon the merger of the Issuer with and into the Guarantor.

Form of Guarantee

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All payments pursuant to this Guarantee will be made without withholding or deduction for any taxes, duties, assessments or governmental charges of whatsoever nature imposed, levied collected, withheld or assessed by the United States, or any political subdivision or any authority thereof having power to tax, unless such withholding or deduction is required by law. The Guarantor shall not be required to make any additional payments on account of such withholding or deduction. If the Guarantor becomes subject at any time to any taxing jurisdiction other than the United States, references in the Guarantee to the United States shall be construed as references to such other jurisdiction.

This Guarantee shall be governed and construed in accordance with New York law, without regard to conflict of laws principles.

This Guarantee shall expire and is no longer effective once all amounts payable on or in respect of the Securities have been paid in full.

Dated as of 20 July 2021

**MORGAN STANLEY**

**By:.....**

## GENERAL INFORMATION

The obligation of a prospective purchaser, including any of the Distribution Agents, to pay for any Securities it has agreed to purchase is subject to the satisfaction of certain conditions which, if not satisfied or waived, would result in the purchaser having no obligation to pay for any of those Securities.

The Securities have been accepted for clearance through DTC, Euroclear and Clearstream, Luxembourg. The appropriate CUSIP, common code and ISIN for each issue allocated by DTC, Euroclear and/or Clearstream, Luxembourg, as the case may be, will be contained in the applicable Issue Terms. Transactions will normally be effected for settlement not earlier than two business days after the date of the transaction.

For so long as the Program remains in effect or any Securities under the Program remain outstanding, the following documents will be available on the following websites:

- (i) the Deed of Incorporation of the Issuer  
(<https://sp.morganstanley.com/EU/Download/GeneralDocument?documentID=a51ccc25-7fc5-4fe8-a73d-ee146c4bfec5>);
- (ii) Articles of Association of the Issuer  
(<https://sp.morganstanley.com/EU/Download/GeneralDocument?documentID=627d56cd-42c6-4fd1-a6e6-2e12f5d7abb6>);
- (iii) the Certificate of Incorporation of Morgan Stanley  
(<https://www.morganstanley.com/about-us-governance/certcomp>);
- (iv) the Amended and Restated By-laws of Morgan Stanley  
(<https://www.morganstanley.com/about-us-governance/bylaws>);
- (v) the annual audited financial statements of the Issuer for the financial year ended 31 December 2020  
(<https://sp.morganstanley.com/EU/Download/GeneralDocument?documentID=d810fca8-9355-4eda-a007-64fc89b0a1be>);
- (vi) the annual audited financial statements of the Issuer for the financial year ended 31 December 2019  
(<https://sp.morganstanley.com/EU/Download/GeneralDocument?documentID=8bdb5faa-8890-41b1-9362-e250e7b0c39b>);
- (vii) Morgan Stanley's Annual Report on Form 10-K for the year ended 31 December 2020  
(<https://sp.morganstanley.com/EU/Download/GeneralDocument?documentID=7923223f-db12-4f29-a833-6a6aac770b16>);
- (viii) Morgan Stanley's Quarterly Report on Form 10-Q for the quarterly period ended 31 March 2021  
(<https://sp.morganstanley.com/EU/Download/GeneralDocument?documentID=73cfd2f1-6f9d-4a51-bc51-03e214eb20c7>); and
- (ix) Morgan Stanley's Current Report on Form 8-K for the quarterly period ended 30 June 2021  
(<https://sp.morganstanley.com/EU/Download/GeneralDocument?documentID=67ebff29-33c3-40f0-a995-6c4908f3da51>).

Save as set out in the Issue Terms, the Issuer does not intend to provide any post-issuance information in relation to any issues of Securities.

### **Morgan Stanley**

The Program was authorised by Morgan Stanley pursuant to resolutions adopted at a meeting of the Board of Directors of Morgan Stanley held on 21 March 2006, as amended and updated pursuant to resolutions adopted at a meeting of the Board of Directors of Morgan Stanley held on 18 March 2007.

Deloitte & Touche LLP, an independent registered public accounting firm registered with the Public Company Accounting Oversight Board (United States) of 30 Rockefeller Plaza, New York, New York 10112, United States have audited the financial statements of Morgan Stanley for the years ended 31 December 2020 and 31 December 2019, as contained in Morgan Stanley's Annual Report on Form 10-K for the year ended 31 December 2020 and an unqualified opinion has been reported thereon.

Save as disclosed in:

- (i) the paragraphs beginning with "Legal" under the heading "Contingencies" under the heading "Commitments, Guarantees and Contingencies" in "Notes to Consolidated Financial Statements" at pages 128 – 129 and the section entitled "Legal Proceedings" at pages 159-163 of Morgan Stanley's Annual Report on Form 10-K for the year ended 31 December 2020 (the "**Form 10-K**");
- (ii) the paragraphs beginning with "Legal" under the heading "Contingencies" under the heading "Commitments, Guarantees and Contingencies" in "Notes to Consolidated Financial Statements (Unaudited)" at pages 56 – 57 and the section entitled "Legal Proceedings" at page 68 of Morgan Stanley's Quarterly Report on Form 10-Q for the quarterly period ended 31 March 2021; and
- (iii) the Registration Document dated 11 December 2020 (as supplemented from time to time, including, without limitation, by the First Supplement to the Registration Document dated 9 July 2021),

there are no, nor have there been, any governmental, legal or arbitration proceedings involving Morgan Stanley or MSBV (including any such proceedings which are pending or threatened of which Morgan Stanley or MSBV 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, MSBV or the Morgan Stanley Group.

The business of Morgan Stanley, the ultimate holding company of MSBV, in the past has been, and in the future may continue to be, materially affected by many factors, including: 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 and energy markets; the level of individual investor participation in the global markets as well as the level of client assets; the flow of investment capital into or from assets under management or supervision; the level and volatility of equity, fixed income and commodity prices, interest rates, inflation and currency values and other market indices or other market factors, such as market liquidity; 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; technological changes instituted by Morgan Stanley, its competitors or counterparties and technological risks, business continuity and related operational risks, including breaches or other disruptions of its or a third party's (or third parties thereof) operations or systems; risk associated with cybersecurity threats, including data protection and cybersecurity risk management; Morgan Stanley's ability to manage effectively its capital and liquidity, including under stress tests designed by its banking regulators; the impact of current, pending and future legislation or changes thereto, regulation (including capital, leverage, funding, liquidity and recovery and resolution requirements) and its ability to address such requirements; uncertainty concerning fiscal policies established by governments or monetary policies established by central banks and financial regulators, government shutdowns, debt ceilings or funding; changes to global trade policies, tariffs, interest rates, reforms of LIBOR and other interest rate benchmarks; legal and regulatory actions, including litigation and enforcement, in the U.S. and worldwide; changes in tax laws and regulations globally; the effectiveness of Morgan Stanley's risk management processes and related controls; Morgan Stanley's ability to effectively respond to an economic downturn, or other market

disruptions; the effect of social, economic and political conditions and geopolitical events, including as a result of changes in U.S. presidential administrations or Congress and the U.K.'s withdrawal from the E.U. ("**Brexit**"), and sovereign risk; the actions and initiatives of current and potential competitors as well as governments, central banks, regulators and self-regulatory organisations; Morgan Stanley's ability to provide innovative products and services and execute its strategic initiatives, and costs related thereto, including with respect to the operational or technological integration related to such innovative and strategic initiatives; the performance and results of Morgan Stanley's acquisitions, divestitures, joint ventures, strategic alliances, or other strategic arrangements and related integrations; investor, consumer and business sentiment and confidence in the financial markets; Morgan Stanley's reputation and the general perception of the financial services industry; Morgan Stanley's ability to retain and attract qualified employees; the duration of the coronavirus disease ("**COVID-19**") pandemic and any recovery period, including the effective of any vaccines, future actions taken by government authorities, and the effects on Morgan Stanley's employees, customers and counterparties; climate-related incidents, other pandemics and acts of war or terrorism; or a combination of these or other factors. In addition, legislative, legal and regulatory developments related to its businesses are likely to increase costs, thereby affecting results of operations.

There has been no material adverse change in the prospects of Morgan Stanley since 31 December 2020, the date of the latest published annual audited financial statements of Morgan Stanley.

There has been no significant change in the financial or trading position of Morgan Stanley since 31 March 2021, the date of the latest published interim (unaudited) financial statements of Morgan Stanley.

### **MSBV**

The role of the Issuer as issuer under the Program was authorised by resolutions of the Board of Directors of the Issuer passed on 13 July 2009, as amended and updated pursuant to resolutions adopted at a meeting of the Board of Directors of the Issuer held on 16 July 2021.

Deloitte Accountants B.V., independent auditors and certified public accountants of Gustav Mahlerlaan 2970, 1081, LA Amsterdam, The Netherlands, have audited the financial statements of MSBV for the year ended 31 December 2020 and the year ended 31 December 2019 and an unqualified opinion has been reported thereon.

This document does not contain any other information that has been audited by Deloitte Accountants B.V.

The financial information in respect of MSBV has been prepared in accordance with International Financial Reporting Standards as adopted by the European Union for the years ended 31 December 2020 and 31 December 2019.

Save as disclosed in the Registration Document dated 11 December 2020 (as supplemented from time to time, including, without limitation, by the First Supplement to the Registration Document dated 9 July 2021), there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which MSBV is aware) during the 12-month period before the date of this Base Prospectus, which may have, or have had in the recent past, significant effects on MSBV's financial position or profitability.

MSBV complies with Section 3:2 of the Act on the Financial Supervision (*Wet op het financieel toezicht*, ("**FMSA**")) and is therefore not required to obtain a license under the FMSA.

MSBV intends to continue issuing securities and entering into hedges in respect of such issues of securities.

There has been no material adverse change in the prospects of MSBV since 31 December 2020, the date of the latest published annual audited financial statements of MSBV.

There has been no significant change in the financial or trading position of MSBV since 31 December 2020, the date of the latest published annual audited financial statements of MSBV.

### Credit Ratings

As at the date of this Base Prospectus, Morgan Stanley's short-term and long-term debt has been respectively rated (i) R-1 (middle) and A (high), with a stable outlook, by DBRS, Inc. ("**DBRS**"), (ii) F1 and A, with a stable outlook, by Fitch Ratings, Inc. ("**Fitch**"), (iii) P-1 and A1, with a stable outlook, by Moody's Investors Service, Inc. ("**Moody's**"), (iv) a-1 and A, with a stable outlook, by Rating and Investment Information, Inc. ("**R&I**") and (v) A-2 and BBB+, with a positive outlook, by Standard & Poor's Financial Services LLC through its business unit S&P Global Ratings ("**S&P**").

MSBV is not rated.

A brief explanation of the ratings as at the date of this Base Prospectus are as follows:

#### **Short-term debt:**

*R-1 (middle) by DBRS:* Superior credit quality. The capacity for the payment of short-term financial obligations as they fall due is very high. Differs from R-1 (high) by a relatively modest degree. Unlikely to be significantly vulnerable to future events.

*F1 by Fitch:* Indicates the highest short-term credit quality and the strongest intrinsic capacity for timely payment of financial commitments.

*P-1 by Moody's:* This indicates a superior ability to repay short-term debt obligations.

*a-1 by R&I:* This indicates that the certainty of the fulfilment of a short-term obligation is high.

*A-2 by S&P:* An obligor rated 'A-2' has satisfactory capacity to meet its financial commitments. However, it is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligors in the highest rating category.

#### **Long-term debt:**

*A by DBRS:* Good credit quality. The capacity for the payment of financial obligations is substantial, but of course lesser credit quality than AA. May be vulnerable to future events, but qualifying negative factors are considered manageable.

*A by Fitch:* 'A' ratings denote expectations of low default risk. The capacity for payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to adverse business or economic conditions than is the case for higher ratings.

*A1 by Moody's:* Obligations rated A are judged to be upper-medium grade and are subject to low credit risk. The modifier '1' indicates a ranking in the higher end of that generic rating category.

*A by R&I:* 'A' rating indicates high creditworthiness supported by a few excellent factors.

*BBB+ by S&P:* An obligor rated 'BBB' has adequate capacity to meet its financial commitments. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitments. This is modified by the addition of a plus (+) sign to show relative standing within the major rating categories.

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