

SECOND SUPPLEMENTAL OFFERING CIRCULAR

Morgan Stanley

as issuer and guarantor
(incorporated under the laws of the State of Delaware in the United States of America)

MORGAN STANLEY & CO. INTERNATIONAL PLC

as issuer
(incorporated with limited liability in England and Wales)

MORGAN STANLEY B.V.

as issuer
(incorporated with limited liability in The Netherlands)

MORGAN STANLEY FINANCE LLC

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

Regulation S Program for the Issuance of Notes, Series A and B, Warrants and Certificates

Morgan Stanley (“**Morgan Stanley**”), Morgan Stanley & Co. International plc (“**MSI plc**”), Morgan Stanley B.V. (“**MSBV**”) and Morgan Stanley Finance LLC, a wholly-owned finance subsidiary of Morgan Stanley (“**MSFL**”, together with Morgan Stanley, MSI plc and MSBV, the “**Issuers**”), and Morgan Stanley, in its capacity as guarantor (in such capacity, the “**Guarantor**”) have prepared this second supplemental offering circular (the “**Second Supplemental Offering Circular**”) to supplement and be read in conjunction with the offering circular dated 16 August 2016 (the “**Offering Circular**”) as supplemented by the first supplemental offering circular dated 11 November 2016 (the “**First Supplemental Offering Circular**”) in relation to the Issuer’s Regulation S Program for the Issuance of Notes, Series A and B, Warrants and Certificates.

This Second Supplemental Offering Circular has been approved by:

- (i) the Irish Stock Exchange as supplementary listing particulars, pursuant to the listing and admission to trading rules of the Irish Stock Exchange, for the purpose of providing information with regard to the Issuers and the Guarantor for the purposes of admitting Program Securities to the Official List of the Irish Stock Exchange and trading on its Global Exchange Market. The Global Exchange Market is the exchange regulated market of the Irish Stock Exchange and is not a regulated market for the purposes of Directive 2004/39/EC;
- (ii) the SIX Swiss Exchange pursuant to points 12 et seq. of the directive of the SIX Swiss Exchange on the listing of notes for the purpose of giving certain information with regard to the Issuers and the Guarantor; and
- (iii) the Luxembourg Stock Exchange pursuant the rules and regulations of the Luxembourg Stock Exchange for the purpose of providing information with regard to the Issuers and the Guarantor for the purpose of listing Program Securities on the Official List and to trading on the Euro MTF market of the Luxembourg Stock Exchange. The Euro MTF market is not a regulated market for the purposes of Directive 2004/39/EC.

Warning: This Second Supplemental Offering Circular does not constitute a “supplement” for the purposes of Directive 2003/71/EC (as amended by Directive 2010/73/EU, the “**Prospectus Directive**”), and this Second Supplemental Offering Circular and the Offering Circular have been prepared on the basis that no prospectus shall be required under the Prospectus Directive for any Program Securities to be offered and sold under the Offering Circular. Neither the Offering Circular nor this Second Supplemental Offering have been approved or reviewed by any regulator which is a competent authority under the Prospectus Directive in the European Economic Area (the “**EEA**”).

Terms defined in the Offering Circular (as supplemented by the First Supplemental Offering Circular) shall have the same meaning when used in this Second Supplemental Offering Circular. To the extent that there is any inconsistency

between any statement in this Second Supplemental Offering Circular and any other statement in, or incorporated by reference in to, the Offering Circular, the statements in this Second Supplemental Offering Circular will prevail.

The purpose of this Second Supplemental Offering Circular is to (i) update the disclosure in the Offering Circular in respect of United States taxation considerations; and (ii) make certain amendments to the pro forma Pricing Supplements contained in the Offering Circular in respect of United States taxation considerations which may be applicable to Program Securities issued under the Program.

Each of the Issuers and the Guarantor (the “**Responsible Persons**”) accepts responsibility for the information contained in this Second Supplemental Offering Circular and to the best of the knowledge of the Responsible Persons (each having taken all reasonable care to ensure that such is the case), the information contained in this Second Supplemental Offering Circular is in accordance with the facts and does not omit anything likely to affect the import of such information.

Each of the Responsible Persons confirms that save as disclosed in this Second Supplemental Offering Circular, no significant new factor, material mistake or inaccuracy relating to information included in the Offering Circular has arisen since the publication of the Offering Circular (as supplemented by the First Supplemental Offering Circular).

This Second Supplemental Offering Circular is available for viewing, and copies may be obtained from, the offices of the Issuers and the Paying Agents and is also available on Morgan Stanley’s website at www.morganstanleyiq.eu and on the website of the Luxembourg Stock Exchange at www.bourse.lu.

20 December 2016

MORGAN STANLEY

MORGAN STANLEY & CO. INTERNATIONAL PLC

MORGAN STANLEY B.V.

MORGAN STANLEY FINANCE LLC

AMENDMENTS TO THE OFFERING CIRCULAR

The Offering Circular is hereby amended as follows:

1. The section entitled “Dividend Equivalent Amounts” on page 358 of the Offering Circular shall be deleted in its entirety and replaced with the following text:

“Dividend Equivalent Amounts

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

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

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

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

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

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

2. In the Pro Forma Pricing Supplement for the New York Law Notes, the following text shall be inserted as a new item 10 on page 187:

10. POTENTIAL SECTION 871(M) TRANSACTION

[Not Applicable] / [The Issuer has determined that the Notes should not be subject to withholding under Section 871(m) of the Code[, and hereby instructs its agents and withholding agents that no

withholding is required, unless such agent or withholding agent knows or has reason to know otherwise.] / [The Issuer has determined that the Notes should not be subject to withholding under Section 871(m) of the Code because the Relevant Underlying is a “qualified index” under the applicable U.S. Treasury Regulations[, and hereby instructs its agents and withholding agents that no withholding is required, unless such agent or withholding agent knows or has reason to know otherwise.] / [The Notes are U.S. equity linked Notes subject to withholding under Section 871(m) of the Code. “*Description of New York Law Notes—Payment of Additional Amounts*” applies.] [For further information please [call [●]] / [visit our website at [●]] / [write to [●]].].

3. In the Pro Forma Pricing Supplement for the English Law Notes, the following text shall be inserted as a new item 5 on page 226:

5. POTENTIAL SECTION 871(M) TRANSACTION

[Not Applicable] / [The Issuer has determined that the Notes should not be subject to withholding under Section 871(m) of the Code[, and hereby instructs its agents and withholding agents that no withholding is required, unless such agent or withholding agent knows or has reason to know otherwise.] / [The Issuer has determined that the Notes should not be subject to withholding under Section 871(m) of the Code because the Relevant Underlying is a “qualified index” under the applicable U.S. Treasury Regulations[, and hereby instructs its agents and withholding agents that no withholding is required, unless such agent or withholding agent knows or has reason to know otherwise.] / [The Notes are U.S. equity linked Notes subject to withholding under Section 871(m) of the Code. Condition 25.1 applies.] [For further information please [call [●]] / [visit our website at [●]] / [write to [●]].].

4. In the Pro Forma Pricing Supplement for Warrants and Certificates, the following text shall be inserted as a new item 5 on page 346:

5. POTENTIAL SECTION 871(M) TRANSACTION

[Not Applicable] / [The Issuer has determined that the [Warrants/Certificates] 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 [Warrants/Certificates] 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 [Warrants/Certificates] are U.S. equity linked [Warrants/Certificates] subject to withholding under Section 871(m) of the Code. Condition 22.1 to 22.3 applies.] [For further information please [call [●]] / [visit our website at [●]] / [write to [●]].].