

MORGAN STANLEY
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Preliminary Pricing Supplement No. W-21

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Dated March 26, 2019

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Morgan Stanley Finance LLC

Structured Investments

Opportunities in U.S. Equities

Put Warrants Due October 2, 2019 Based on the Inverse Performance of the S&P 500[®] Index

Fully and Unconditionally Guaranteed by Morgan Stanley

Principal at Risk Warrants

The put warrants (the “warrants”) are European-style cash-settled put warrants issued by Morgan Stanley Finance LLC (“MSFL”) and fully and unconditionally guaranteed by Morgan Stanley. The warrants provide the opportunity to gain inverse exposure to the performance of the S&P 500[®] Index (the “index”), as follows: if the arithmetic average of the index closing values on each of the five averaging dates (the “final index level”) is less than 95% of the initial index level, which we refer to as the strike level, the warrants will be automatically exercised on the expiration date (which will be the last averaging date), and we will pay a cash settlement amount on the cash settlement date equal to the product of (i) the notional amount and (ii) the bearish index return, subject to the maximum cash settlement amount. If the final index level, as measured on the five averaging dates, is greater than or equal to the strike level, the warrants will not be exercised and will expire worthless on the expiration date. The warrants may not be exercised by either you or us prior to the expiration date. **The warrants are highly risky and involve risks not associated with an investment in conventional securities. If the level of the index does not decline below the strike level, you will lose your entire investment in the warrants. In addition, even if the level of the index has decreased to below the strike level, if the final index level is not sufficiently less than the strike level to offset the premium amount, you will lose a portion of your initial investment. In order to receive a positive return on your investment, the final index level must be less than the strike index level by a percentage greater than the warrant premium percentage. There is no minimum payment on the warrants. Accordingly, you may lose some or all of your initial investment in the warrants.** The warrants are for investors who are willing to risk their invested premium in exchange for the opportunity to gain leveraged returns for any depreciation of the index beyond the strike level when the warrants are automatically exercised on the expiration date. You will not be able to purchase the warrants unless you have an options-approved brokerage account. The warrants are issued as part of MSFL’s Series A Global Warrants

program.

All payments are subject to our credit risk. If we default on our obligations, you could lose some or all of your investment. These warrants are not secured obligations and you will not have any security interest in, or otherwise have any access to, any underlying reference asset or assets.

SUMMARY TERMS

Issuer:	Morgan Stanley Finance LLC
Guarantor:	Morgan Stanley
Index:	S&P 500® Index
Aggregate premium amount:	\$
Premium amount and original issue price:	Expected to be \$23.10 per warrant. The actual premium amount and original issue price will be determined on the pricing date.
Notional amount:	\$1,000 per warrant
Minimum initial investment:	\$10,000, resulting in a minimum initial purchase of 433 warrants (after rounding) (to be determined on the pricing date)
Pricing date:	March 29, 2019
Original issue date:	April 3, 2019 (3 business days after the pricing date)
Averaging dates:	September 23, 2019, September 24, 2019, September 25, 2019, September 26, 2019 and September 27, 2019, subject to adjustment for non-index business days and certain market disruption events. We also refer to September 27, 2019 as the expiration date.
Cash settlement date:	October 2, 2019
Exercise of warrants; cash settlement amount:	The warrants will either be automatically exercised or will expire worthless on the expiration date, as follows:

- if the final index level, as measured on the five averaging dates, is *less than* the strike level, the warrants will be automatically exercised on the expiration date. On the cash settlement date, we will pay with respect to the \$23.10 premium amount of each warrant an amount in cash equal to the product of (x) the notional amount and (y) the bearish index return.

In no event will the cash settlement amount exceed the maximum cash settlement amount. Therefore, investors will not benefit from any depreciation in the final index level beyond the barrier level.

Even if the bearish index return is positive (meaning that the final index level is less than the strike level), if the bearish index return is less than the warrant premium percentage (meaning that the final index level is not sufficiently less than the strike level to offset

the warrant premium), you will receive a cash settlement amount that is less than the premium amount and, therefore, you will lose a portion of your initial investment in the warrants.

· if the final index level, as measured on the five averaging dates, is greater than or equal to the strike level, the warrants will expire worthless and the cash settlement amount will be \$0.

The warrants are highly risky, and there is no minimum payment on the warrants. Accordingly, you will lose all of your initial investment in the warrants if the final index level, as measured on the five averaging dates, is greater than or equal to the strike level on the expiration date. If the index does not depreciate sufficiently over the term of the warrants, you will lose your entire investment.

Bearish index return:	(strike level – final index level) / initial index level		
Maximum cash settlement amount:	\$150 per warrant		
Initial index level:	The index closing value on the pricing date		
Final index level:	The arithmetic average of the index closing values on each of the five averaging dates		
Strike level:	, which is 95% of the initial index level. If the final index level is greater than or equal to the strike level, investors will lose all of their investment in the warrants.		
Barrier level:	, which is 80% of the initial index level. Investors will not benefit from any depreciation in the final index level beyond the barrier level.		
Warrant premium percentage:	Expected to be 2.31%. The actual warrant premium percentage will be determined on the pricing date.		
CUSIP / ISIN:	61768X663 / US61768X6638		
Listing:	The warrants will not be listed on any securities exchange. J.P. Morgan Securities LLC and JPMorgan Chase Bank, N.A. See “Supplemental information regarding plan of distribution; conflicts of interest.”		
Agents:	Approximately \$18.60 per \$23.10 premium amount of warrants, or within \$3.00 of that estimate. See “Summary of Pricing Supplement” beginning on PS-3.		
Estimated value on the pricing date:	Approximately \$18.60 per \$23.10 premium amount of warrants, or within \$3.00 of that estimate. See “Summary of Pricing Supplement” beginning on PS-3.		
Commissions and issue price:	Price to public Agent’s commissions and fees⁽¹⁾ Proceeds to us⁽²⁾		
Per warrant	\$23.10	\$1.30	\$21.80
Total	\$	\$	\$

J.P. Morgan Securities LLC, which we refer to as JPMS LLC, and JPMorgan Chase Bank, N.A. will act as placement agents for the warrants. The placement agents will forego fees for sales to fiduciary accounts. The total fees represent the amount that the placement agents receive from sales to accounts other than such fiduciary (1)accounts. The placement agents will receive a fee from us that will not exceed \$1.30 per warrant. See “Description of the Warrants—Supplemental Information Concerning Plan of Distribution” in this pricing supplement. For additional information, see “Plan of Distribution (Conflicts of Interest)” in the accompanying prospectus supplement.

(2) See “Description of the Warrants—Use of Proceeds and Hedging” beginning on PS-22.

You must have an options-approved brokerage account in order to purchase the warrants and you must be experienced with respect to options and option transactions.

The warrants are highly risky and involve risks not associated with an investment in conventional securities. If the final index level is greater than or equal to the strike level, you will lose all of your investment in the warrants. See “Risk Factors” beginning on PS-10.

The Securities and Exchange Commission and state securities regulators have not approved or disapproved these warrants, or determined if this pricing supplement is truthful or complete. Any representation to the contrary is a criminal offense.

The warrants are not deposits or savings accounts and are not insured by the Federal Deposit Insurance Corporation or any other governmental agency or instrumentality, nor are they obligations of, or guaranteed by, a bank.

You should read this document together with the related prospectus supplement, index supplement and prospectus, each of which can be accessed via the hyperlinks below. You should read the more detailed description of the warrants in this pricing supplement. In particular, you should review and understand the descriptions in “Summary of Pricing Supplement” and “Description of the Warrants.”

As used in this document, “we,” “us” and “our” refer to Morgan Stanley or MSFL, or Morgan Stanley and MSFL collectively, as the context requires.

[Prospectus Supplement dated November 16, 2017](#) [Index Supplement dated November 16, 2017](#)

[Prospectus dated November 16, 2017](#)

JPMorgan

Placement Agent

For a description of certain restrictions on offers, sales and deliveries of the warrants and on the distribution of this pricing supplement and the accompanying prospectus supplement, index supplement and prospectus relating to the warrants, see the section of this pricing supplement called “Description of the Warrants—Supplemental Information Concerning Plan of Distribution; Conflicts of Interest.”

No action has been or will be taken by us, the agent or any dealer that would permit a public offering of the warrants or possession or distribution of this pricing supplement or the accompanying prospectus supplement, index supplement or prospectus in any jurisdiction, other than the United States, where action for that purpose is required. Neither this pricing supplement nor the accompanying prospectus supplement, index supplement and prospectus may be used for the purpose of an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such an offer or solicitation.

In addition to the selling restrictions set forth in “Plan of Distribution (Conflicts of Interest)” in the accompanying prospectus supplement, the following selling restrictions also apply to the warrants:

The warrants have not been and will not be registered with the Comissão de Valores Mobiliários (The Brazilian Securities Commission). The warrants may not be offered or sold in the Federative Republic of Brazil except in circumstances which do not constitute a public offering or distribution under Brazilian laws and regulations.

The warrants have not been registered with the Superintendencia de Valores y Seguros in Chile and may not be offered or sold publicly in Chile. No offer, sales or deliveries of the warrants or distribution of this pricing supplement or the accompanying prospectus supplement, index supplement or prospectus, may be made in or from Chile except in circumstances which will result in compliance with any applicable Chilean laws and regulations.

The warrants have not been registered with the National Registry of Securities maintained by the Mexican National Banking and Securities Commission and may not be offered or sold publicly in Mexico. This pricing supplement and the accompanying prospectus supplement, index supplement and prospectus may not be publicly distributed in Mexico.

SUMMARY OF PRICING SUPPLEMENT

The following summary describes the warrants in general terms only. You should read the summary together with the more-detailed information that is contained in the rest of this pricing supplement and in the accompanying index supplement, prospectus supplement and prospectus. You should carefully consider, among other things, the matters set forth in “Risk Factors” below.

*The Put Warrants Due October 2, 2019 Based on the Inverse Performance of the S&P 500® Index, which we refer to as the warrants, are European-style cash-settled put warrants. The warrants provide the opportunity to gain inverse exposure to the performance of the S&P 500® Index, which we refer to as the index, as follows: if the final index level, as measured on the five averaging dates, is less than 95% of the initial index level, which we refer to as the strike level, the warrants will be automatically exercised on the expiration date (which will be the last averaging date), and we will pay a cash settlement amount on the cash settlement date equal to the product of (i) the notional amount and (ii) the bearish index return, subject to the maximum cash settlement amount. If the final index level, as measured on the five averaging dates, is greater than or equal to the strike level, the warrants will not be exercised and will expire worthless on the expiration date. The warrants may not be exercised by either you or us prior to the expiration date. **The warrants are highly risky and involve risks not associated with an investment in conventional securities. If the level of the index does not decline below the strike level, you will lose your entire investment in the warrants. In addition, even if the level of the index has decreased to below the strike level, if the final index level is not sufficiently less than the strike level to offset the premium amount, you will lose a portion of your initial investment. In order to receive a positive return on your investment, the final index level must be less than the strike level by a percentage greater than the warrant premium percentage, which is expected to be 2.31% and will be determined on the pricing date. There is no minimum payment on the warrants. Accordingly, you may lose some or all of your initial investment in the warrants. The warrants are for investors who are willing to risk their invested premium in exchange for the opportunity to gain leveraged returns for any depreciation of the index beyond the strike level when the warrants are automatically exercised on the expiration date. You will not be able to purchase the warrants unless you have an options-approved brokerage account. All payments are subject to our credit risk.***

**Each
warrant
costs
\$23.10**

We are offering the Put Warrants Due October 2, 2019 Based on the Inverse Performance of the S&P 500® Index, which we refer to as the warrants. The premium amount and original issue price of each warrant is expected to be \$23.10.

The original issue price includes costs associated with issuing, selling, structuring and hedging the warrants, which are borne by you, and, consequently, the estimated value of the warrants on the pricing date will be less than \$23.10. We estimate that the value of each warrant on the pricing date will be approximately \$18.60, or within \$3.00 of that estimate.

Our estimate of the value of the warrants as determined on the pricing date will be set forth in the final pricing supplement.

What goes into the estimated value on the pricing date?

The estimated value of the warrants is determined using our own pricing and valuation models, market inputs and assumptions relating to the index, instruments based on the index, volatility and other factors including current and expected interest rates as well as our creditworthiness.

What is the relationship between the estimated value on the pricing date and the secondary market price of the warrants?

The price at which market participants may purchase the warrants in the secondary market, absent changes in market conditions, including those related to the index, may vary from, and be lower than, the estimated value on the pricing date, because the secondary market price takes into account the bid-offer spread that such market participants would charge in a secondary market transaction of this type and other factors. However, because the costs associated with issuing, selling, structuring and hedging the warrants are not fully deducted upon issuance, for a period of up to 3 months following the issue date, to the extent that market participants may buy or sell the warrants in the secondary market, absent changes in market conditions,

including those related to the index, and to our secondary market credit spreads, they would generally do so based on values higher than the estimated value. We expect that those higher values will also be reflected in your brokerage account statements.

There may not be a secondary market for the warrants, and, if a secondary market once develops, it may cease to exist at any time.

Exercise of the warrants; cash settlement amount

The warrants are European-style cash-settled put warrants. The warrants will be automatically exercised or will expire worthless on the expiration date, as follows:

- *if the final index level, as measured on the five averaging dates, is less than the strike level, the warrants will be automatically exercised on the expiration date. On the cash settlement date, we will pay for each warrant a cash settlement amount equal to:*

notional amount × bearish index return, subject to the maximum cash settlement amount

where,

notional amount = \$1,000 per warrant

bearish index = strike level – final index level

return = initial index level

final index level = The arithmetic average of the index closing values on each of the five averaging dates, subject to postponement for non-index business days or market disruption events

initial index level = The closing value of the index on March 29, 2019, which we refer to as the pricing date.

strike level = , which is 95% of the initial index level

maximum cash settlement amount = \$150 per warrant

- *if the final index level, as measured on the five averaging dates, is greater than or equal to the strike level, the warrants will expire worthless and the cash settlement amount will be \$0.*

The warrants may not be exercised by either you or us prior to the expiration date.

The warrants are highly risky. If the level of the index does not decline below the strike level, you will lose your entire investment in the warrants. In addition, if the final index level is not sufficiently less than the strike level to offset the warrant premium, you will lose a portion of your initial investment. In order to receive a positive return on your investment, the final index level must be less than the strike level by a percentage of the initial index level greater than the warrant premium percentage. The warrant premium percentage is expected to be 2.31%. The actual warrant premium percentage will be determined on the pricing date. **There is no minimum payment on the warrants. Accordingly, you could lose your entire initial investment in the warrants.**

All payments on the warrants are subject to our credit risk.

Beginning on PS-6, in the section titled “Hypothetical Payouts on the Warrants,” we have provided a table and corresponding examples illustrating the calculation of the cash settlement amount on the warrants at maturity over a range of hypothetical final index levels and resulting bearish index returns, as determined on the five averaging dates. The examples do not show every situation that can occur.

You can review the historical values of the index in the section of this pricing supplement called “Description of the Warrants—Historical Information” starting on

PS-4

PS-21. You cannot predict the future performance of the index based on its historical performance.

Investing in the warrants is not equivalent to investing in, or taking a direct short position in, the index or its component stocks.

Morgan Stanley & Co. LLC will be the calculation agent

We have appointed our affiliate, Morgan Stanley & Co. LLC, to act as calculation agent for The Bank of New York Mellon, a New York banking corporation, the warrant agent for the warrants. As calculation agent, MS & Co. will determine the initial index level, the index closing value on each averaging date, the final index level and the bearish index return and will calculate the payment that you will receive on the cash settlement date, if any.

You may revoke your offer to purchase the warrants prior to our acceptance

We are using this pricing supplement to solicit from you an offer to purchase the warrants. You may revoke your offer to purchase the warrants at any time prior to the time at which we accept such offer by notifying the relevant agent. We reserve the right to change the terms of, or reject any offer to purchase, the warrants prior to their issuance. In the event of any material changes to the terms of the warrants, we will notify you.

Where you can find more information on the warrants

The warrants are unsecured warrants issued as part of our Series A global warrants program. You can find a general description of our Series A global warrants program in the accompanying prospectus supplement dated November 16, 2017, the index supplement dated November 16, 2017 and the prospectus dated November 16, 2017.

Because this is a summary, it does not contain all of the information that may be important to you. For a detailed description of the terms of the warrants, you should read the “Description of the Warrants” section in this pricing supplement. You should also read about some of the risks involved in investing in the warrants in the section called “Risk Factors.” The tax and accounting treatment of investments in index-linked warrants such as these may differ from that of investments in ordinary debt securities or common stock. See the section of this pricing supplement called “Description of the Warrants—United States Federal Taxation.” We urge you to consult with your investment, legal, tax, accounting and other advisers with regard to any proposed or actual investment in the warrants.

HYPOTHETICAL PAYOUTS ON THE WARRANTS

The following examples and table illustrate the calculation of the cash settlement amount on the warrants payable at maturity over a range of hypothetical final index levels and resulting bearish index returns, as determined on the five averaging dates. The hypothetical cash settlement amounts set forth below are for illustrative purposes only. The actual initial index level, strike level, barrier level, notional amount and warrant premium percentage will be set on the pricing date. The actual cash settlement amount payable on the cash settlement date will be determined based on the performance of the index, as determined on the five averaging dates. The numbers appearing in the following tables and examples may have been rounded for ease of analysis.

The examples and table are based on the following terms:

Term:	Approximately 6 months
Notional Amount:	\$1,000 per warrant
Hypothetical Premium Amount:	\$23.10 per warrant
Hypothetical Initial Index Level:	2,700
Hypothetical Strike Level:	2,565, which is 95% of the hypothetical Initial Index Level
Hypothetical Barrier Level:	2,160, which is 80% of the hypothetical Initial Index Level
Hypothetical Warrant Premium Percentage:	2.31% per warrant
Exercise of Warrants:	If the final index level is greater than the strike level, the warrants will be automatically exercised on the expiration date and you will receive the cash settlement amount, subject to the maximum cash settlement amount. If the final index level is equal to or greater than the strike level, the warrants will expire worthless and the cash settlement amount will be zero.

Example 1: The final index level is 2,295, resulting in a bearish index return of 10%.

The final index level, as measured on the five averaging dates, is 2,295, which represents a 15% decrease from the initial index level of 2,700. The bearish index return is calculated as follows:

$$(2,565 - 2,295) / 2,700 = 10\%$$

Since the final index level is less than the strike level, your warrant will be automatically exercised and your payment upon expiration will be calculated as follows:

$$\begin{aligned} \text{cash settlement amount} &= \text{notional amount} \times \text{bearish index return} \\ &= \$1,000 \times 10\% \\ &= \$100 \end{aligned}$$

Therefore, on the cash settlement date, you will receive \$100 for each \$23.10 warrant (an approximately 332.90% total return).

Example 2: The final index level is 1,890, resulting in a bearish index return of 25%.

The final index level, as measured on the five averaging dates, is 1,890, which represents a 30% decrease from the initial index level of 2,700. The bearish index return is calculated as follows:

$$(2,565 - 1,890) / 2,700 = 25\%$$

Since the final index level is less than the strike level, your warrant will be automatically exercised and your payment upon expiration will be calculated as follows:

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cash settlement amount = notional amount \times bearish index return, subject to the maximum cash settlement amount
= \$1,000 \times 25%, subject to the maximum cash settlement amount
= \$150

Since the final index level is less than the barrier level, your payment upon expiration will be limited by the maximum cash settlement amount. Therefore, on the cash settlement date, you will receive \$150 for each \$23.10 warrant (an approximately 549.35% total return). This represents the maximum amount payable upon expiration of the warrants. You will not benefit from any depreciation in the final index level beyond the barrier level.

Example 3: The final index level is 2,502.63, resulting in a bearish index return of 2.31%.

The final index level, as measured on the five averaging dates, is 2,502.63, which represents a 7.31% decrease from the initial index level of 2,700.

The bearish index return is calculated as follows:

$$(2,565 - 2,502.63) / 2,700 = 2.31\%$$

Since the final index level is less than the strike level, your warrant will be automatically exercised and your payment upon expiration will be calculated as follows:

cash settlement amount = notional amount \times bearish index return
= \$1,000 \times 2.31%
= \$23.10

However, because the bearish index return is equal to the hypothetical warrant premium percentage of 2.31%, which results in a cash settlement amount equal to the premium amount paid per warrant, you will not receive a positive return on your investment. Therefore, on the cash settlement date, you will receive \$23.10 for each \$23.10 warrant (a 0.00% total return).

Example 4: The final index level is 2,538, resulting in a bearish index return of 1%.

The final index level, as measured on the five averaging dates, is 2,538, which represents a 6% decrease from the initial index level of 2,700.

The bearish index return is calculated as follows:

$$(2,565 - 2,538) / 2,700 = 1\%$$

Since the final index level is less than the strike level, your warrant will be automatically exercised and your payment upon expiration will be calculated as follows:

$$\begin{aligned} \text{cash settlement amount} &= \text{notional amount} \times \text{bearish index return} \\ &= \$1,000 \times 1\% \\ &= \$10 \end{aligned}$$

PS-7

In this example, even though the final index level is less than the strike level, because the bearish index return is less than the hypothetical warrant premium percentage of 2.31%, the cash settlement amount does not fully offset the premium amount paid on the warrants and you will lose part of your investment. Therefore, on the cash settlement date, you will receive \$10 for each \$23.10 warrant (an approximately 56.71% total loss).

Accordingly, if the bearish index return is positive but less than the warrant premium percentage (meaning that the final index level is not sufficiently less than the strike level to offset the warrant premium), you will receive a cash settlement amount that is less than the premium amount and, therefore, you will lose a portion of your initial investment in the warrants.

Example 5: The final index level is 2,565, resulting in a bearish index return of 0%.

The final index level, as measured on the five averaging dates, is 2,565, which is equal to 95% of the initial index level of 2,700. The bearish index return is calculated as follows:

$$(2,565 - 2,700) / 2,700 = -5\%$$

Since the final index level is less than the strike level, the warrants will not be exercised and will expire worthless on the expiration date. Therefore, the loss on your initial investment in the warrants will be 100% (a total loss of your initial investment), and you will receive \$0 for each \$23.10 warrant at maturity (a total loss of your initial investment).

Example 6: The final index level is 3,240, resulting in a bearish index return of -25%.

The final index level, as measured on the five averaging dates, is 3,240, which represents a 20% increase from the initial index level of 2,700. The bearish index return is calculated as follows:

$$(2,565 - 3,240) / 2,700 = -25\%$$

Since the final index level is greater than the strike level, the warrants will not be exercised and will expire worthless on the expiration date. Therefore, the loss on your initial investment in the warrants will be 100% (a total loss of your initial investment), and you will receive \$0 for each \$23.10 warrant at maturity (a total loss of your initial investment).

Accordingly, if the bearish index return is zero or negative (meaning that the final index level is greater than or equal to the strike level), you will lose all of your initial investment in the warrants.

PS-8

Cash Settlement Amount at Maturity

<u>Final Index Level</u>	<u>Percentage Change from Initial Index Level to Final Index Level</u>	<u>Bearish Index Return</u>	<u>Cash Settlement Amount</u>	<u>Cash Settlement Amount <i>minus</i> Premium Amount</u>	<u>Total Return on the Put Warrants</u>
4,320.00	60.00%	-65.00%	\$0.00	-\$23.10	-100.00%
3,780.00	40.00%	-45.00%	\$0.00	-\$23.10	-100.00%
3,240.00	20.00%	-25.00%	\$0.00	-\$23.10	-100.00%
2,970.00	10.00%	-15.00%	\$0.00	-\$23.10	-100.00%
2,835.00	5.00%	-10.00%	\$0.00	-\$23.10	-100.00%
2,700.00	0.00%	-5.00%	\$0.00	-\$23.10	-100.00%
2,565.00	-5.00%	0.00%	\$0.00	-\$23.10	-100.00%
2,538.00	-6.00%	1.00%	\$10.00	-\$13.10	-56.71%
2,502.63	-7.31%	2.31%	\$23.10	\$0.00	0.00%
2,430.00	-10.00%	5.00%	\$50.00	\$26.90	116.45%
2,295.00	-15.00%	10.00%	\$100.00	\$76.90	332.90%
2,160.00	-20.00%	15.00%	\$150.00	\$126.90	549.35%
1,620.00	-40.00%	35.00%	\$150.00	\$126.90	549.35%
1,080.00	-60.00%	55.00%	\$150.00	\$126.90	549.35%
540.00	-80.00%	75.00%	\$150.00	\$126.90	549.35%
0.00	-100.00%	95.00%	\$150.00	\$126.90	549.35%

PS-9

RISK FACTORS

The warrants are unsecured contractual obligations of Morgan Stanley Finance LLC (“MSFL”) and are fully and unconditionally guaranteed by Morgan Stanley. The warrants do not guarantee the return of any of the invested premium. Investing in the warrants involves a high degree of risk and is not equivalent to investing in, or taking a direct short position in, the index or its component stocks. This section describes the most significant risks relating to the warrants. For a further discussion of risk factors, please see the accompanying index supplement, prospectus supplement and prospectus. You should carefully consider whether the warrants are suited to your particular circumstances before you decide to purchase them.

The warrants are highly risky, and you may lose all of your initial investment in the warrants

The warrants are highly speculative leveraged investments that involve a high degree of risk. If the final index level, as measured on the five averaging dates, is greater than or equal to the strike level, meaning that the final index level has not declined by more than 5% from the initial index level, the warrants will expire worthless and you will lose your entire investment in the warrants. The warrants are not suitable for investors who cannot sustain a total loss of their investment. You should be willing and able to sustain a total loss of your investment in the warrants.

The warrants provide inverse (bearish) exposure to the performance of the index

There is no minimum payment on the warrants. Accordingly, you may lose all of your initial investment in the warrants.

The return on the warrants is linked to the inverse performance of the index. Therefore, your return on the warrants will increase if the level of the index decreases below the strike level, subject to the maximum cash settlement amount. However, if the level of the index does not decline below the strike level, you will lose your entire investment in the warrants. In addition, if the final index level is not sufficiently less than the strike level to offset the warrant premium, you will lose a portion of your initial investment.

You may lose some or a significant portion of your initial investment even if the final index level is less than the strike level

Even if the final index level, as measured on the five averaging dates, is less than the strike level, you will lose some or a significant portion of your initial investment if the bearish index return is less than the warrant premium percentage, which is expected to be 2.31% and will be determined on the pricing date. In order for you to receive a cash settlement amount greater than your initial investment, the final index level, as measured on the five averaging dates, must be less than the strike level by a percentage of the initial index level greater than the warrant premium percentage.

The appreciation potential of the warrants is limited by the maximum cash settlement amount.

The appreciation potential of the warrants is limited by the maximum cash settlement amount of \$150 per warrant. Because the cash settlement amount will be limited to 150% of the notional amount for the warrants, any decrease in the final index level beyond the barrier level of 80% of the initial index level will not further

increase the return on the warrants.

The warrants will be automatically exercised on the expiration date

The warrants will be automatically exercised on the expiration date. Neither you nor we can exercise the warrants at any time prior to the expiration date. Accordingly, unless you sell the warrants prior to the expiration date, you will not be able to capture any beneficial changes in the levels of the index prior to the expiration date. Further, you do not have a choice as to whether the warrants will be automatically exercised on the expiration date. Accordingly, you will not be able to benefit from any decrease in the levels of the index that occur after the expiration date.

The warrants are suitable only for investors with options-approved accounts

You will not be able to purchase the warrants unless you have an options-approved brokerage account. The warrants involve a high degree of risk and are not appropriate for every investor. You must be able to understand and bear the risk of an investment in the warrants, and you should be experienced with respect to options and options transactions.

PS-10

The value of the warrants will be influenced by many unpredictable factors

Several factors, many of which are beyond our control, will influence the value of the warrants, including:

- the value of the index at any time,
- the volatility (frequency and magnitude of changes in value) of the index,
- dividend rates or other distributions on the component stocks underlying the index,
- interest and yield rates in the market,
- geopolitical conditions and economic, financial, political, regulatory or judicial events that affect the securities markets generally or the component stocks of the index and which may affect the value of the index,
- the time remaining until the maturity of the warrants (see “The time remaining to the cash settlement date may adversely affect the market value of the warrants” below),
- the composition of the index and changes in the component stocks of the index, and
- any actual or anticipated changes in our credit ratings or credit spreads.

Some or all of these factors will influence the value of the warrants prior to maturity. For example, the value of the warrants will likely decline substantially if the level of the index is above, near or not sufficiently below the initial index level.

You cannot predict the future performance of the index based on its historical performance. There can be no assurance that you will not suffer a loss on your initial investment in the warrants.

A portion of the market value of a warrant at any time depends on the value of the index at such time relative to the initial index level. Another portion of the market value of a warrant at any time prior to expiration depends on the length of time remaining until the cash settlement date and is known as the “time value” of the warrant. After the pricing date, the time value generally diminishes until, at expiration, the time value of the warrant is zero.

The time remaining to the cash settlement date may adversely affect the market value of the warrants

Assuming all other factors are held constant, the risk that the warrants will expire worthless will increase the more the index closing value increases above the initial index level and the shorter the time remaining until the cash settlement date. Therefore, the market value of the warrants will reflect both the rise or decline in the level of the index and the time remaining to the cash settlement date, among other factors. See also “The warrants will not be listed on any securities exchange and secondary trading may be limited” below.

The warrants are non-standardized options

The warrants are not standardized options of the type issued by the Options Clearing Corporation (the “OCC”), a clearing agency regulated by the Securities and Exchange Commission. The warrants are unsecured contractual obligations of ours and will rank equally with our other unsecured contractual obligations and with our unsecured and unsubordinated debt. Thus, unlike purchasers of OCC standardized options, who have the credit benefits of guarantees and margin and collateral deposits by OCC clearing members to protect the OCC from a clearing member’s failure, investors in the warrants may look solely to us for performance of our obligation to pay the cash settlement amount, if any, at maturity. Additionally, the secondary market for the warrants, if any exists, is not expected to be as liquid as the market for OCC standardized options, and, therefore, sales of the warrants prior to the expiration date may yield a sale price that is lower than the theoretical value of the warrants based on the then-prevailing level of the index. See also “The warrants

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will not be listed on any securities exchange and secondary trading may be limited” below.

The warrants are subject to our credit risk, and any actual or anticipated changes to our credit ratings or credit spreads may adversely affect the market value of the warrants

You are dependent on our ability to pay all amounts due on the warrants at maturity, and therefore you are subject to our credit risk. If we default on our obligations under the warrants, your investment would be at risk and you could lose some or all of your investment. As a result, the market value of the warrants prior to maturity will be affected by changes in the market’s view of our creditworthiness. Any actual or anticipated decline in our credit ratings or increase in the credit spreads charged by the market for taking our credit risk is likely to adversely affect the market value of the warrants.

As a finance subsidiary, MSFL has no independent operations and will have no independent assets

As a finance subsidiary, MSFL has no independent operations beyond the issuance and administration of its securities and will have no independent assets available for distributions to holders of MSFL securities if they make claims in respect of such securities in a bankruptcy, resolution or similar proceeding. Accordingly, any recoveries by such holders will be limited to those available under the related guarantee by Morgan Stanley and that guarantee will rank *pari passu* with all other unsecured, unsubordinated obligations of Morgan Stanley. Holders will have recourse only to a single claim against Morgan Stanley and its assets under the guarantee. Holders of securities issued by MSFL should accordingly assume that in any such proceedings they would not have any priority over and should be treated *pari passu* with the claims of other unsecured, unsubordinated creditors of Morgan Stanley, including holders of Morgan Stanley-issued securities.

The amount payable on the cash settlement date, if any, is based on the arithmetic average of the closing values of the index on each of the five averaging dates, and therefore the payment on the cash settlement date may be less than if it were based solely on the closing value on the final averaging date (which will be the expiration date)

The amount payable on the cash settlement date, if any, will be calculated by reference to the average of the closing values of the index on the five averaging dates. Therefore, in calculating the final index level, favorable performance of the index as of some averaging dates may be moderated, or wholly offset, by less favorable performance as of other averaging dates. Similarly, the final index level, calculated based on the closing value of the index on the five averaging dates, may be greater than the closing values of the index on the expiration date, and as a result, the payment you receive on the cash settlement date may be less than if it were based solely on the closing value of the index on the expiration date. Investing in the warrants is not the same as investing in securities that offer direct, point-to-point inverse exposure to the performance of the index.

The warrants will not be listed on any securities exchange and secondary trading may be limited

The warrants will not be listed on any securities exchange. Therefore, there may be little or no secondary market for the warrants, and, if a secondary market once develops, it may cease to exist at any time. Even if there is a secondary market, it may not provide enough liquidity to allow you to trade or sell the warrants easily. If there is a secondary market for the warrants, it is possible that only one market participant will participate in such market, and, therefore, the price at which you may be able to trade your warrants is likely to depend on the price, if any, at which such market participant is willing to transact.

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Assuming no change in market conditions or any other relevant factors, the prices, if any, at which dealers may be willing to purchase the warrants in secondary market transactions will likely be significantly lower than the original issue price, because secondary market prices will exclude the issuing, selling, structuring and hedging-related costs that are included in the original issue price and borne by you and because the secondary market prices will reflect the bid-offer spread that market participants would charge in a secondary market transaction of this type as well as other factors.

The costs of issuing, selling, structuring and hedging the warrants cause the estimated value of the warrants to be less than the original issue price and will adversely affect secondary market prices

The inclusion of the costs of issuing, selling, structuring and hedging the warrants in the original issue price makes the economic terms of the warrants less favorable to you than they otherwise would be.

However, because the costs associated with issuing, selling, structuring and hedging the warrants are not fully deducted upon issuance, for a period of up to 3 months following the issue date, to the extent that market participants may buy or sell the warrants in the secondary market, absent changes in market conditions, including those related to the index, and to our secondary market credit spreads, they would generally do so based on values higher than the estimated value, and we expect that those higher values will also be reflected in your brokerage account statements.

The estimated value of the warrants is determined by reference to our pricing and valuation models, which may differ from those of other dealers and is not a maximum or minimum secondary market price

These pricing and valuation models are proprietary and rely in part on subjective views of certain market inputs and certain assumptions about future events, which may prove to be incorrect. As a result, because there is no market-standard way to value these types of warrants, our models may yield a higher estimated value of the warrants than those generated by others, including other dealers in the market, if they attempted to value the warrants. In addition, the estimated value on the pricing date does not represent a minimum or maximum price at which dealers would be willing to purchase your warrants in the secondary market (if any exists) at any time. The value of your warrants at any time after the date of this document will vary based on many factors that cannot be predicted with accuracy, including changes in market conditions. See also “The value of the warrants will be influenced by many unpredictable factors” above.

Investing in the warrants is not equivalent to investing in, or taking a direct short position in, the index

Investing in the warrants is not equivalent to investing in, or taking a direct short position in, the index or its component stocks. Investors in the warrants will not have voting rights or rights to receive dividends or other distributions or any other rights with respect to stocks that constitute the index.

Adjustments to the index could adversely affect the value of the warrants

S&P Dow Jones Indices LLC is responsible for calculating and maintaining the index. S&P Dow Jones Indices LLC can add, delete or substitute the stocks underlying the index, and can make other methodological changes required by certain events relating to the underlying stocks, such as stock dividends, stock splits,

spin-offs, rights offerings and extraordinary dividends, that could change the value of the index. Any of these actions could adversely affect the value of the warrants.

The calculation agent, which is a subsidiary of Morgan Stanley and an affiliate of MSFL, will make determinations with respect to the warrants

As calculation agent for the warrants, MS & Co. will determine the initial index level, the index closing value on each averaging date, the final index level and the bearish index return and will calculate the cash settlement amount you will receive on the cash settlement date, if any. Moreover, certain determinations made by MS & Co., in its capacity as calculation agent, may require it to exercise discretion and make subjective judgments, such as with respect to the occurrence or non-occurrence of market disruption events and the selection of a successor index or calculation of the index closing value in the event of a market disruption event or discontinuance of the index. These potentially subjective determinations may adversely affect the payout to you on the cash settlement date, if any. For further information regarding these types of determinations, see “Description of the Warrants—Index Closing

Value,” “—Expiration Date,” “—Calculation Agent,” “—Market Disruption Event,” “—Averaging Dates” and “—Discontinuance of the Index; Alteration of Method of Calculation” in this pricing supplement. In addition, MS & Co. has determined the estimated value of the warrants on the pricing date.

Hedging and trading activity by our affiliates could potentially adversely affect the value of the warrants

One or more of our affiliates and/or third-party dealers expect to carry out hedging activities related to the warrants (and to other instruments linked to the index or its component stocks), including trading in the component stocks that constitute the index as well as in other instruments related to the index. As a result, these entities may be unwinding or adjusting hedge positions during the term of the warrants, and the hedging strategy may involve greater and more frequent dynamic adjustments to the hedge as the averaging dates approach. Some of our affiliates also trade the component stocks that constitute the index and other financial instruments related to the index on a regular basis as part of their general broker-dealer and other businesses. Any of these hedging or trading activities on or prior to the pricing date could potentially affect the initial index level, and, therefore, the value below which the index must close on the averaging dates so that you do not lose your entire initial investment in the warrants. Additionally, such hedging or trading activities during the term of the warrants could affect the value of the index on the averaging dates, and, accordingly, the amount of cash an investor will receive on the cash settlement date, if any.

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DESCRIPTION OF THE WARRANTS

Terms used but not defined herein have the meanings given to such terms in the accompanying prospectus supplement. The term “Warrant” refers to each \$23.10 Premium Amount of our Put Warrants Due October 2, 2019 Based on the Inverse Performance of the S&P 500[®] Index.

Number of Warrants

Aggregate Premium Amount \$

Aggregate Notional Amount