

SUPPLEMENT

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)

**Issue by Morgan Stanley B.V. of up to EUR 50,000,000 Autocallable Index Basket-Linked Notes due 2018
(the “Notes”)
(ISIN: XS1322383677)**

Morgan Stanley B.V. (“**MSBV**”, the “**Issuer**”) and Morgan Stanley, in its capacity as guarantor (in such capacity, the “**Guarantor**”) have prepared this supplement (the “**Supplement**”) to supplement and be read in conjunction with the prospectus dated 27 November 2015 (the “**Prospectus**”) in respect of the Notes.

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

Terms defined in the Prospectus shall have the same meaning when used in this Supplement. To the extent that there is any inconsistency between any statement in this Supplement and any other statement in, or incorporated by reference in, the Prospectus, the statements in this Supplement will prevail.

The purpose of this Supplement is to disclose changes of the credit rating of Morgan Stanley by Standard & Poor's Financial Services LLC through its business unit Standard & Poor's Ratings Services

In accordance with Article 13 paragraph 2 of the Luxembourg Law on Prospectuses dated 10 June 2005, investors who have agreed to purchase or subscribe for, or have applied to purchase or subscribe for, any Notes prior to the publication of this Supplement shall have the right, exercisable within two Business Days following the date of publication of this Supplement, to withdraw their acceptances or applications by notice in writing to the relevant Issuer or Manager, as the case may be. The final date within which such right of withdrawal must be exercised is 10 December 2015.

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

Save as disclosed in this Supplement, no significant new factor, material mistake or inaccuracy relating to information included in the Prospectus has arisen since the publication of the Prospectus.

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

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

8 December 2015

MORGAN STANLEY
MORGAN STANLEY B.V.

AMENDMENTS TO THE PROSPECTUS

The Prospectus is hereby amended as follows:

On page 49 of the Prospectus, the second paragraph of the section entitled “Ratings” shall be deemed to be deleted in its entirety and replaced by the following:

“With effect from 2 December and as at 8 December 2015, 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 Dominion Bond Rating Service Limited. (“**DBRS**”), (ii) F1 and A, with a stable outlook, by Fitch Ratings, Inc. (“**Fitch**”), (iii) P-2 and A3, with a stable outlook, by Moody's Investors Service, Inc. (“**Moody's**”), (iv) a-1 and A-, with a stable outlook, by Ratings and Investment Information, Inc. (“**R&I**”) and (v) A-2 and BBB+, with a stable outlook, by Standard & Poor's Financial Services LLC through its business unit Standard & Poor's Ratings Services (“**S&P**”).”