MORGAN STANLEY
Form FWP
September 05, 2018

Free Writing Prospectus No. 947

Registration Statement Nos. 333-221595; 333-221595-01

Dated September 5, 2018

Filed Pursuant to Rule 433

Morgan Stanley Finance LLC Trigger GEARS

Linked to the Vanguard FTSE Emerging Markets ETF due September 29, 2023

Fully and Unconditionally Guaranteed by Morgan Stanley

Principal at Risk Securities

Investment Description

These Trigger GEARS (the "Securities") are unsecured and unsubordinated debt securities issued by Morgan Stanley Finance LLC ("MSFL") and are fully and unconditionally guaranteed by Morgan Stanley. The return on the Securities is linked to the performance of the Vanguard FTSE Emerging Markets ETF (the "Underlying Shares"). If the Underlying Return is greater than zero, MSFL will pay the Principal Amount at maturity plus a return equal to the product of (i) the Principal Amount multiplied by (ii) the Underlying Return multiplied by (iii) the Upside Gearing of between 1.15 and 1.25 (the actual Upside Gearing will be determined on the Trade Date). If the Underlying Return is less than or equal to zero, MSFL will either pay the full Principal Amount at maturity, or, if the Final Price is less than the Downside Threshold, MSFL will pay significantly less than the full Principal Amount at maturity, if anything, resulting in a loss of principal that is proportionate to the negative Underlying Return. These long-dated Securities are for investors who seek an equity fund-based return and who are willing to risk a loss on their principal and forgo current income in exchange for the Upside Gearing feature and the contingent repayment of principal, which applies only if the Final Price is not less than the Downside Threshold, each as applicable at maturity. **Investing in the Securities involves significant risks. You will not receive interest or dividend payments during the term of the Securities. You may lose some or all of your Principal Amount. The contingent repayment of principal applies only if you hold the Securities to maturity.**

All payments are subject to our credit risk. If we default on our obligations, you could lose a significant portion or all of your investment. These Securities 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.

Features **Key Dates***

q **Enhanced Growth Potential:** If the Underlying Return is greater than zero, the Upside Gearing feature will provide leveraged exposure to the positive performance of the Underlying Shares, and MSFL will pay the Principal Amount at maturity plus pay a return equal to the Underlying Return multiplied by the Upside Gearing. If the Underlying Return is less than zero, investors may be exposed to the negative Underlying Return at maturity.

q **Contingent Repayment of Principal at Maturity:** If the Underlying Return is equal to or less than zero and the Final Price is not less than the Downside Threshold, MSFL will pay the Principal Amount at maturity. However, if the Final Price is less than the Downside Threshold, MSFL will pay significantly less than the full Principal Amount, if anything, resulting in a loss of principal that is proportionate to the negative Underlying Return. The contingent repayment of principal applies only if you hold the Securities to maturity. Any payment on the Securities, including any repayment of principal, is subject to our creditworthiness.

Trade Date	September 25, 2018
Settlement Date	September 28, 2018
Final Valuation Date**	September 26, 2023
Maturity Date**	September 29, 2023

* Expected.

** Subject to postponement in the event of a Market Disruption Event or for non-Trading Days. See “Postponement of Final Valuation Date and Maturity Date” under “Additional Terms of the Securities.”

The Securities are significantly riskier than conventional debt INSTRUMENTS. the terms of the securities may not obligate US TO REPAY THE FULL PRINCIPAL AMOUNT OF THE SECURITIES. the Securities CAN have downside MARKET risk SIMILAR TO the UNDERLYING SHARES, WHICH CAN RESULT IN A LOSS OF SOME OR ALL OF YOUR INVESTMENT at maturity. This MARKET risk is in addition to the CREDIT risk INHERENT IN PURCHASING OUR DEBT OBLIGATIONS. You should not PURCHASE the Securities if you do not understand or are not comfortable with the significant risks INVOLVED in INVESTING IN the Securities. THE SECURITIES WILL NOT BE LISTED ON ANY SECURITIES EXCHANGE.

YOU SHOULD CAREFULLY CONSIDER THE RISKS DESCRIBED UNDER ‘‘KEY RISKS’’ BEGINNING ON PAGE 5 OF THIS FREE WRITING PROSPECTUS BEFORE PURCHASING ANY SECURITIES. EVENTS RELATING TO ANY OF THOSE RISKS, OR OTHER RISKS AND UNCERTAINTIES, COULD ADVERSELY AFFECT THE MARKET VALUE OF, AND THE RETURN ON, YOUR SECURITIES.

Security Offering

We are offering Trigger GEARS linked to the Vanguard FTSE Emerging Markets ETF. The Securities are not subject to a predetermined maximum gain, and, accordingly, any return at maturity will be determined by the performance of the Underlying Shares. The Securities are offered at a minimum investment of 100 Securities at the Price to Public listed below. The indicative Upside Gearing range for the Securities is listed below. The actual Upside Gearing, Initial Price and Downside Threshold will be determined on the Trade Date.

Underlying Shares	Initial Price	Upside Gearing	Downside Threshold	CUSIP	ISIN
Vanguard FTSE Emerging Markets ETF	$	1.15 to 1.25	75% of the Initial Price	61768R823	US61768R8236

See “Additional Information about Morgan Stanley, MSFL and the Securities” on page 2. The Securities will have the terms set forth in the accompanying prospectus, prospectus supplement and this free writing

prospectus.

Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these Securities or passed upon the adequacy or accuracy of this free writing prospectus or the accompanying prospectus supplement and prospectus. Any representation to the contrary is a criminal offense. The Securities 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.

Estimated value on the Trade Date	Approximately $9.33 per Security, or within $0.30 of that estimate. See "Additional Information about Morgan Stanley, MSFL and the Securities" on page 2.		
	Price to Public	Underwriting Discount[(1)]	Proceeds to Us[(2)]
Per Security	$10.00	$0.35	$9.65
Total	$	$	$

(1) UBS Financial Services Inc., acting as dealer, will receive from Morgan Stanley & Co. LLC, the agent, a fixed sales commission of $0.35 for each Security it sells. For more information, please see "Supplemental Plan of Distribution; Conflicts of Interest" on page 21 of this free writing prospectus.

(2) See "Use of Proceeds and Hedging" on page 22.

The agent for this offering, Morgan Stanley & Co. LLC, is our affiliate and a wholly owned subsidiary of Morgan Stanley. See "Supplemental Plan of Distribution; Conflicts of Interest" on page 23 of this free writing prospectus.

Morgan Stanley UBS Financial Services Inc.

Additional Information about Morgan Stanley, MSFL and the Securities

Morgan Stanley and MSFL have filed a registration statement (including a prospectus, as supplemented by a prospectus supplement) with the SEC for the offering to which this communication relates. Before you invest, you should read the prospectus in that registration statement, the prospectus supplement and any other documents relating to this offering that Morgan Stanley and MSFL have filed with the SEC for more complete information about Morgan Stanley, MSFL and this offering. You may get these documents for free by visiting EDGAR on the SEC website at.www.sec.gov. Alternatively, Morgan Stanley, MSFL, any underwriter or any dealer participating in this offering will arrange to send you the prospectus and the prospectus supplement if you so request by calling toll-free 1-(800)-584-6837.

You may access the accompanying prospectus supplement and prospectus on the SEC website at.www.sec.gov as follows:

t Prospectus supplement dated November 16, 2017:
http://www.sec.gov/Archives/edgar/data/895421/000095010317011241/dp82788_424b2-seriesa.htm

t Prospectus dated November 16, 2017:
http://www.sec.gov/Archives/edgar/data/895421/000095010317011237/dp82798_424b2-base.htm

References to "MSFL" refer only to MSFL, references to "Morgan Stanley" refer only to Morgan Stanley and references to "we," "our" and "us" refer to MSFL and Morgan Stanley collectively. In this document, the "Securities" refers to the Trigger GEARS that are offered hereby. Also, references to the accompanying "prospectus" and "prospectus supplement" mean the prospectus filed by MSFL and Morgan Stanley dated November 16, 2017 and the prospectus supplement filed by MSFL and Morgan Stanley dated November 16, 2017.

You should rely only on the information incorporated by reference or provided in this free writing prospectus or the accompanying prospectus supplement and prospectus. We have not authorized anyone to provide you with different information. We are not making an offer of these securities in any state where the offer is not permitted. You should not assume that the information in this free writing prospectus or the accompanying prospectus supplement and prospectus is accurate as of any date other than the date on the front of the applicable document.

If the terms discussed in this free writing prospectus differ from those discussed in the prospectus supplement or prospectus, the terms contained in this free writing prospectus will control.

The Issue Price of each Security is $10. This price includes costs associated with issuing, selling, structuring and hedging the Securities, which are borne by you, and, consequently, the estimated value of the Securities on the Trade Date will be less than $10. We estimate that the value of each Security on the Trade Date will be approximately $9.33, or within $0.30 of that estimate. Our estimate of the value of the Securities as determined on the Trade Date will be set forth in the final pricing supplement.

What goes into the estimated value on the Trade Date?

In valuing the Securities on the Trade Date, we take into account that the Securities comprise both a debt component and a performance-based component linked to the Underlying Shares. The estimated value of the Securities is determined using our own pricing and valuation models, market inputs and assumptions relating to the Underlying Shares, instruments based on the Underlying Shares, volatility and other factors including current and expected interest rates, as well as an interest rate related to our secondary market credit spread, which is the implied interest rate at which our conventional fixed rate debt trades in the secondary market.

What determines the economic terms of the Securities?

In determining the economic terms of the Securities, including the Upside Gearing and the Downside Threshold, we use an internal funding rate, which is likely to be lower than our secondary market credit spreads and therefore advantageous to us. If the issuing, selling, structuring and hedging costs borne by you were lower or if the internal funding rate were higher, one or more of the economic terms of the Securities would be more favorable to you.

What is the relationship between the estimated value on the Trade Date and the secondary market price of the Securities?

The price at which MS & Co. purchases the Securities in the secondary market, absent changes in market conditions, including those related to the Underlying Shares, may vary from, and be lower than, the estimated value on the Trade Date, because the secondary market price takes into account our secondary market credit spread as well as the bid-offer spread that MS & Co. 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 Securities are not fully deducted upon issuance, for a period of up to 12 months following the Settlement Date, to the extent that MS & Co. may buy or sell the Securities in the secondary market, absent changes in market conditions, including those related to the Underlying Shares, and to our secondary market credit spreads, it would 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.

MS & Co. currently intends, but is not obligated, to make a market in the Securities, and, if it once chooses to make a market, may cease doing so at any time.

2

Investor Suitability

The Securities may be suitable for you if:

¨ You fully understand the risks inherent in an investment in the Securities, including the risk of loss of your entire initial investment.

¨ You can tolerate a loss of all or a substantial portion of your Principal Amount and are willing to make an investment that may have the same downside market risk as an investment in the Underlying Shares.

¨ You understand the characteristics of the Underlying Shares.

¨ You are willing to hold the Securities to maturity, as set forth on the cover of this free writing prospectus, and accept that there may be little or no secondary market for the Securities.

¨ You believe the Underlying Shares will appreciate over the term of the Securities and you would be willing to invest in the Securities if the Upside Gearing was set equal to the bottom of the range indicated on the cover hereof (the actual Upside Gearing will be set on the Trade Date).

¨ You can tolerate fluctuations of the price of the Securities prior to maturity that may be similar to or exceed the downside fluctuations in the price of the Underlying Shares.

The Securities may not be suitable for you if:

¨ You do not fully understand the risks inherent in an investment in the Securities, including the risk of loss of your entire initial investment.

¨ You cannot tolerate a loss of all or a substantial portion of your Principal Amount, and you are not willing to make an investment that may have the same downside market risk as an investment in the Underlying Shares.

¨ You require an investment designed to provide a full return of principal at maturity.

¨ You do not understand the characteristics of the Underlying Shares.

¨ You are unable or unwilling to hold the Securities to maturity, as set forth on the cover of this free writing prospectus, or you seek an investment for which there will be an active secondary market.

¨ You believe that the price of the Underlying Shares will decline during the term of the Securities and is likely to close below the Downside Threshold on the Final Valuation Date.

¨ You do not seek current income from your investment and are willing to forgo dividends paid on the Underlying Shares.

¨ You are willing to assume our credit risk and understand that if we default on our obligations you may not receive any amounts due to you including any repayment of principal.

¨ You would not be willing to invest in the Securities if the Upside Gearing was set equal to the bottom of the range indicated on the cover hereof (the actual Upside Gearing will be set on the Trade Date).

¨ You prefer the lower risk, and, therefore, accept the potentially lower returns, of conventional debt securities with comparable maturities issued by us or another issuer with a similar credit rating.

¨ You seek current income from your investment or prefer to receive the dividends paid on the Underlying Shares.

¨ You are not willing or are unable to assume the credit risk associated with us for any payment on the Securities, including any repayment of principal.

The investor suitability considerations identified above are not exhaustive. Whether or not the Securities are a suitable investment for you will depend on your individual circumstances, and you should reach an investment decision only after you and your investment, legal, tax, accounting and other advisors have carefully considered the suitability of an investment in the Securities in light of your particular circumstances. You should also review “Key Risks” on page 5 of this free writing prospectus and “Risk Factors” beginning on page 7 of the accompanying prospectus for risks related to an investment in the Securities. For additional information about the Underlying Shares, see the information set forth under “The Vanguard FTSE Emerging Markets ETF” on page 16.

Indicative Terms Investment Timeline

Issuer	Morgan Stanley Finance LLC
Guarantor	Morgan Stanley
Issue Price (per Security)	$10.00 per Security
Principal Amount	$10.00 per Security
Term	Approximately 5 years
Underlying Shares	Shares of the Vanguard FTSE Emerging Markets ETF (the "Fund")
Downside Threshold	75% of the Initial Price
Upside Gearing	1.15 to 1.25. The actual Upside Gearing will be determined on the Trade Date.
Payment at Maturity (per Security)	**If the Underlying Return is greater than zero**, MSFL will pay you an amount calculated as follows: $10 + [$10 × (Underlying Return × Upside Gearing)] **If the Underlying Return is less than or equal to zero and the Final Price is greater than or equal to the Downside Threshold,** MSFL will pay you a cash payment of: $10 per Security **If the Final Price is less than the Downside Threshold,** MSFL will pay you an amount calculated as follows: $10 + ($10 × Underlying Return) **In this case, you could lose up to all of your Principal Amount in an amount proportionate to the negative Underlying Return.**
Underlying Return	Final Price – Initial Price Initial Price
Initial Price	The Closing Price of one share of the Underlying Shares on the Trade Date.
Final Price	The Closing Price of one share of the Underlying Shares on the Final Valuation Date *times* the Adjustment Factor on such date.
Final Valuation Date	September 26, 2023, subject to postponement in the event of a Market Disruption Event or for non-Trading Days.
Adjustment Factor	1.0, subject to adjustment in the event of certain corporate events affecting the Underlying Shares.
CUSIP / ISIN	61768R823 / US61768R8236

Calculation Agent	Morgan Stanley & Co. LLC
Trade Date	The Closing Price of the Underlying Shares (Initial Price) is observed, the Downside Threshold is determined and the Upside Gearing is set. The Final Price and Underlying Return are determined on the Final Valuation Date.
Maturity Date	**If the Underlying Return is greater than zero**, MSFL will pay you a cash payment per Security equal to: $10 + [$10 × (Underlying Return × Upside Gearing)] **If the Underlying Return is less than or equal to zero and the Final Price is greater than or equal to the Downside Threshold on the Final Valuation Date**, MSFL will pay you a cash payment of $10 per $10 Security. **If the Final Price is less than the Downside Threshold on the Final Valuation Date**, MSFL will pay you a cash payment at maturity equal to: $10 + ($10 × Underlying Return) **Under these circumstances, you will lose a significant portion, and could lose all, of your Principal Amount.**

INVESTING IN THE SECURITIES INVOLVES SIGNIFICANT RISKS. YOU MAY LOSE YOUR ENTIRE PRINCIPAL AMOUNT. ANY PAYMENT ON THE SECURITIES IS SUBJECT TO OUR CREDITWORTHINESS. IF WE WERE TO DEFAULT ON OUR PAYMENT OBLIGATIONS, YOU MAY NOT RECEIVE ANY AMOUNTS OWED TO YOU UNDER THE SECURITIES AND YOU COULD LOSE YOUR ENTIRE INVESTMENT.

Key Risks

An investment in the Securities involves significant risks. Some of the risks that apply to the Securities are summarized here, but we urge you to also read the "Risk Factors" section of the accompanying prospectus. You should also consult your investment, legal, tax, accounting and other advisers before you invest in the Securities.

¨ **The Securities do not guarantee any return of principal** – The terms of the Securities differ from those of ordinary debt securities in that MSFL is not necessarily obligated to repay any of the Principal Amount at maturity. If the Final Price is less than the Downside Threshold (which is 75% of the Initial Price), you will be exposed to the full negative Underlying Return and the payout owed at maturity by MSFL will be an amount in cash that is at least 25% less than the $10 Principal Amount of each Security, resulting in a loss proportionate to the decrease in the value of the Underlying Shares from the Initial Price to the Final Price. There is no minimum payment at maturity on the Securities, and, accordingly, you could lose all of your Principal Amount in the Securities.

¨ **You may incur a loss on your investment if you sell your Securities prior to maturity** – The Downside Threshold is observed on the Final Valuation Date and the contingent repayment of principal applies only at maturity. If you are able to sell your Securities in the secondary market prior to maturity, you may have to sell them at a loss relative to your initial investment even if the Closing Price of the Underlying Shares is above the Downside Threshold at that time.

¨ **The Upside Gearing applies only if you hold the Securities to maturity –** You should be willing to hold your Securities to maturity. If you are able to sell your Securities prior to maturity in the secondary market, the price you receive will likely not reflect the full economic value of the Upside Gearing or the Securities themselves, and the return you realize may be less than the Underlying Shares' return even if such return is positive. You can receive the full benefit of the Upside Gearing from MSFL only if you hold your Securities to maturity.

¨ **The Securities are subject to our credit risk, and any actual or anticipated changes to our credit ratings or our credit spreads may adversely affect the market value of the Securities** – You are dependent on our ability to pay all amounts due on the Securities at maturity, if any, and therefore you are subject to our credit risk. If we default on our obligations under the Securities, your investment would be at risk and you could lose some or all of your investment. As a result, the market value of the Securities 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 our credit spreads charged by the market for taking our credit risk is likely to adversely affect the market value of the Securities.

¨ **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 Securities do not pay interest** – MSFL will not pay any interest with respect to the Securities over the term of the Securities.

- **The market price of the Securities may be influenced by many unpredictable factors** – Several factors, many of which are beyond our control, will influence the value of the Securities in the secondary market and the price at which MS & Co. may be willing to purchase or sell the Securities in the secondary market (if at all), including:

  - the price of the Underlying Shares at any time,
  - the volatility (frequency and magnitude of changes in price) of the Underlying Shares,
  - interest and yield rates in the market,
  - geopolitical conditions and economic, financial, political, regulatory or judicial events that affect the Underlying Shares or stock markets generally and which may affect the Initial Price and/or the Final Price,
  - the time remaining until the Securities mature, and
  - any actual or anticipated changes in our credit ratings or credit spreads.

Some or all of these factors will influence the terms of the Securities at the time of issuance and the price that you will receive if you are able to sell your Securities prior to maturity, as the Securities are comprised of both a debt component and a performance-based component linked to the Underlying Shares, and these are the types of factors that also generally affect the values of debt securities and derivatives linked to the Underlying Shares. Generally, the longer the time remaining to maturity, the more the market price of the Securities will be affected by the other factors described above. For example, you may have to sell your Securities at a substantial discount from the principal amount of $10 per Security if the price of the Underlying Shares at the time of sale is at or below or moderately above its Initial Price, and especially if it is near or below the Downside Threshold, or if market interest rates rise. You cannot predict the future performance of the Underlying Shares based on their historical performance.

- **The probability that the Final Price will be less than the Downside Threshold will depend on the volatility of the Underlying Shares** – “Volatility” refers to the frequency and magnitude of changes in the price of the Underlying Shares. Higher expected volatility with respect to the Underlying Shares as of the Trade Date generally indicates a greater chance as of that date that the Final Price will be less than the Downside Threshold, which would result in a loss of a significant portion or all of your investment at maturity. However, the Underlying Share’s volatility can change significantly over the term of the Securities. The price of the Underlying Shares could fall sharply, resulting in a significant loss of principal. You should be willing to accept the downside market risk of the Underlying Shares and the potential loss of a significant portion or all of your investment at maturity.

- **There are risks associated with investments in securities linked to the value of foreign (and especially emerging markets) equity securities** – The Fund tracks the performance of the FTSE Emerging Markets All Cap China A Inclusion Index (the “Share Underlying Index”), which is linked to the value of foreign (and especially emerging markets) equity securities. Investments in securities linked to the value of foreign equity securities involve risks associated with the securities markets in those countries, including risks of volatility in those markets, governmental intervention in those markets and cross-shareholdings in companies in certain countries. Also, there is generally less publicly available information about foreign companies than about U.S. companies that are subject to the reporting requirements of the Securities and Exchange Commission, and foreign companies are subject to accounting, auditing and financial reporting standards and requirements different from those applicable to U.S. reporting companies. The prices of securities issued in foreign markets may be affected by political, economic, financial and social factors in those countries, or global regions, including changes in government, economic and fiscal policies and currency exchange laws. In addition, the stocks included in the FTSE Emerging Markets All Cap China A Inclusion Index and that are generally tracked by the Underlying Shares have been issued by companies in various emerging markets countries, which pose further risks in addition to the risks associated with investing in foreign equity markets generally. Countries with emerging markets may have relatively unstable governments, may present the risks of nationalization of businesses, restrictions on foreign ownership and prohibitions on the repatriation of assets, and may have less protection of property rights than more developed countries. The economies of countries with emerging markets may be based on only a few industries, may be highly vulnerable to changes in local or global trade conditions, and may suffer from extreme and volatile debt burdens or inflation rates. Local securities markets may trade a small number of securities and may be unable to respond effectively to increases in trading volume, potentially making prompt liquidation of holdings difficult or impossible at times. Moreover, the economies in such countries may differ unfavorably from the economy in the United States in such respects as growth of gross national product, rate of inflation, capital reinvestment, resources, self-sufficiency and balance of payment positions.

- **The price of the Fund is subject to currency exchange rate risk** – Because the price of the Fund is related to the U.S. dollar value of stocks underlying the Fund and the FTSE Emerging Markets All Cap China A Inclusion Index, holders of the Securities will be exposed to currency exchange rate risk with respect the currencies in which the component securities of the Fund trade. Exchange rate movements for a particular currency are volatile and are the result of numerous factors specific to that country including the supply of, and the demand for, those currencies, as well as government policy, intervention or actions, but are also influenced significantly from time to time by political or economic developments, and by macroeconomic factors and speculative actions related to each region. Further, currencies of emerging economies are often subject to more frequent and larger central bank interventions than the currencies of developed countries and are also more likely to be affected by drastic changes in monetary or exchange rate policies of the relevant country. The net exposure will depend on the extent to which the currencies of the component countries strengthen or weaken against the U.S. dollar and the relative weight of each currency. If, taking into account such weighting, the dollar strengthens against the currencies of the component securities represented in the Fund, the price of the Underlying Shares will be adversely affected and the Payment at Maturity on the Securities may be reduced.

Of particular importance to potential currency exchange risk are:

o existing and expected rates of inflation;

o existing and expected interest rate levels;

o the balance of payments; and

o the extent of governmental surpluses or deficits in the countries represented in the FTSE Emerging Markets All Cap China A Inclusion Index and the United States.

All of these factors are, in turn, sensitive to the monetary, fiscal and trade policies pursued by the governments of the countries represented in the FTSE Emerging Markets All Cap China A Inclusion Index, the United States and other countries important to international trade and finance.

.. **The Share Underlying Index tracked by the Underlying Shares has changed over time** – The Underlying Shares tracked the Select Emerging Markets Index through August 23, 2006, then the MSCI Emerging Markets Index through January 9, 2013, then the FTSE Emerging Transition Index through June 27, 2013, then the FTSE Emerging Index through November 1, 2015 and then the FTSE Emerging Markets All Cap China A Transition Index through September 18, 2016. Since September 19, 2016, the Underlying Shares have tracked the Share Underlying Index. Korean companies were first

6

included as part of the transition to the FTSE Emerging Index, and small-capitalization stocks and China A-shares were first included as part of the transition to the Share Underlying Index. These changes, or any future changes, could adversely affect the performance of the Underlying Shares and, in turn, your return on the Securities. In addition, there is limited historical information that reflects the Vanguard FTSE Emerging Markets ETF's tracking of the Share Underlying Index.

¨ **The performance and market price of the Fund, particularly during periods of market volatility, may not correlate with the performance of the Share Underlying Index, the performance of the component securities of the Share Underlying Index or the net asset value per share of the Fund** – The Fund does not fully replicate the Share Underlying Index and may hold securities that are different than those included in the Share Underlying Index. In addition, the performance of the Fund will reflect additional transaction costs and fees that are not included in the calculation of the Share Underlying Index. All of these factors may lead to a lack of correlation between the performance of the Fund and the Share Underlying Index. In addition, corporate actions (such as mergers and spin-offs) with respect to the equity securities underlying the Fund may impact the variance between the performances of the Fund and the Share Underlying Index. Finally, because the shares of the Fund are traded on an exchange and are subject to market supply and investor demand, the market price of one share of the Fund may differ from the net asset value per share of the Fund.

In particular, during periods of market volatility, or unusual trading activity, trading in the securities underlying the Fund may be disrupted or limited, or such securities may be unavailable in the secondary market. Under these circumstances, the liquidity of the Fund may be adversely affected, market participants may be unable to calculate accurately the net asset value per share of the Fund, and their ability to create and redeem shares of the Fund may be disrupted. Under these circumstances, the market price of shares of the Fund may vary substantially from the net asset value per share of the Fund or the level of the Share Underlying Index.

For all of the foregoing reasons, the performance of the Fund may not correlate with the performance of the Share Underlying Index, the performance of the component securities of the Share Underlying Index or the net asset value per share of the Fund. Any of these events could materially and adversely affect the price of the shares of the Fund and, therefore, the value of the Securities. Additionally, if market volatility or these events were to occur on the Final Valuation Date, the Calculation Agent would maintain discretion to determine whether such market volatility or events have caused a Market Disruption Event to occur, and such determination would affect the Payment at Maturity of the Securities. If the Calculation Agent determines that no Market Disruption Event has taken place, the payment at maturity would be based solely on the published closing price per share of the Fund on the Final Valuation Date, even if the Fund's shares are underperforming the Share Underlying Index or the component securities of the Share Underlying Index and/or trading below the net asset value per share of the Fund.

¨ **No dividend payments or voting rights** – Owning the Securities is not the same as owning the Underlying Shares or the stocks comprising the Share Underlying Index. As a holder of the Securities, you will not have voting rights or rights to receive dividends or other distributions or other rights that holders of shares of the Underlying Shares or stocks held by the Fund would have.

¨ **The amount payable on the Securities is not linked to the price of the Underlying Shares at any time other than the Final Valuation Date** – The Final Price will be based on the Closing Price of the Underlying Shares on the Final Valuation Date, subject to postponement for non-Trading Days and certain Market Disruption Events. Even if the price of the Underlying Shares appreciates prior to the Final Valuation Date but then drops by the Final Valuation Date, the Payment at Maturity may be significantly less than it would have been had the Payment at Maturity been linked to the price of the Underlying Shares prior to such drop. Although the actual price of the Underlying Shares on the stated Maturity Date or at other times during the term of the Securities may be higher than the Final Price, the Payment at Maturity will be based solely on the Closing Price of the Underlying Shares on the Final Valuation Date as compared to the Initial Price.

¨ **Investing in the Securities is not equivalent to investing in the Underlying Shares or the stocks composing the Share Underlying Index** – Investing in the Securities is not equivalent to investing in the Underlying Shares, the Share Underlying Index or the stocks that constitute the Share Underlying Index. Investors in the Securities will not have voting rights or rights to receive dividends or other distributions or any other rights with respect to the Underlying Shares or the stocks that constitute the Share Underlying Index.

¨ **The rate we are willing to pay for securities of this type, maturity and issuance size is likely to be lower than the rate implied by our secondary market credit spreads and advantageous to us. Both the lower rate and the inclusion of costs associated with issuing, selling, structuring and hedging the Securities in the Issue Price reduce the economic terms of the Securities, cause the estimated value of the Securities to be less than the Issue Price and will adversely affect secondary market prices** – Assuming no change in market conditions or any other relevant factors, the prices, if any, at which dealers, including MS & Co., may be willing to purchase the Securities in secondary market transactions will likely be significantly lower than the Issue Price, because secondary market prices will exclude the issuing, selling, structuring and hedging-related costs that are included in the Issue Price and borne by you and because the secondary market prices will reflect our secondary market credit spreads and the bid-offer spread that any dealer would charge in a secondary market transaction of this type as well as other factors.

The inclusion of the costs of issuing, selling, structuring and hedging the Securities in the Issue Price and the lower rate we are willing to pay as issuer make the economic terms of the Securities less favorable to you than they otherwise would be.

However, because the costs associated with issuing, selling, structuring and hedging the Securities are not fully deducted upon issuance, for a period of up to 12 months following the Settlement Date, to the extent that MS & Co. may buy or sell the Securities in the secondary market, absent changes in market conditions, including those related to the Underlying Shares, and to our secondary market credit spreads, it would 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 Securities 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 securities, our models may yield a higher estimated value of the Securities than those generated by others, including other dealers in the market, if they attempted to value the Securities. In addition, the estimated value on the Trade Date does not represent a minimum or maximum price at which dealers, including MS & Co., would be willing to purchase your Securities in the secondary market (if any exists) at any time. The value of your Securities at any time after the date of this free writing prospectus will vary based on many factors that cannot be predicted with accuracy, including our creditworthiness and changes in market conditions. See also “The market price of the Securities may be influenced by many unpredictable factors” above.

- **Adjustments to the Underlying Shares or to the Share Underlying Index could adversely affect the value of the Securities** – The investment adviser to the Fund, The Vanguard Group, Inc. (the “Investment Adviser”), seeks investment results that correspond generally to the price and yield performance, before fees and expenses, of the Share Underlying Index. Pursuant to its investment strategy or otherwise, the Investment Advisor may add, delete or substitute the stocks composing the Fund. Any of these actions could adversely affect the price of the Underlying Shares and, consequently, the value of the Securities. FTSE Russell (“FTSE”) is responsible for calculating and maintaining the Share Underlying Index. FTSE may add, delete or substitute the stocks constituting the Share Underlying Index or make other methodological changes that could change the value of the Share Underlying Index. FTSE may discontinue or suspend calculation or publication of the Share Underlying Index at any time. If trading in the Underlying Shares is permanently discontinued and/or the Fund is liquidated or otherwise terminated, and FTSE subsequently discontinues publication of the Share Underlying Index, the Calculation Agent will have the sole discretion to substitute a successor index that is comparable to the discontinued Share Underlying Index and is permitted to consider indices that are calculated and published by the Calculation Agent or any of its affiliates. Any of these actions could adversely affect the price of the Underlying Shares, and consequently, the value of the Securities.

- **The adjustments to the Adjustment Factor the Calculation Agent is required to make do not cover every corporate event that can affect the shares of the Underlying Shares** – MS & Co., as Calculation Agent, will adjust the Adjustment Factor for certain events affecting the Underlying Shares, including stock splits and reverse stock splits. However, the Calculation Agent will not make an adjustment for every event that can affect the Underlying Shares. If an event occurs that does not require the Calculation Agent to adjust the Adjustment Factor, the market price of the Securities may be materially and adversely affected. The determination by the Calculation Agent to adjust, or not to adjust, an Adjustment Factor may materially and adversely affect the market price of the Securities.

- **The Securities will not be listed on any securities exchange and secondary trading may be limited** – The Securities will not be listed on any securities exchange. Therefore, there may be little or no secondary market for the Securities. MS & Co. currently intends, but is not obligated, to make a market in the Securities and, if it once chooses to make a market, may cease doing so at any time. When it does make a market, it will generally do so for transactions of routine secondary market size at prices based on its estimate of the current value of the Securities, taking into account its bid/offer spread, our credit spreads, market volatility, the notional size of the proposed sale, the cost of unwinding any related hedging positions, the time remaining to maturity and the likelihood that it will be able to resell the Securities. Even if there is a secondary market, it may not provide enough liquidity to allow you to trade or sell the Securities easily. Since other broker-dealers may not participate significantly in the secondary market for the Securities, the price at which you may be able to trade your Securities is likely to depend on the price, if any, at which MS & Co. is willing to transact. If, at any time, MS & Co. were to cease making a market in the Securities, it is likely that there would be no secondary market for the Securities. Accordingly, you should be willing to hold your Securities to maturity.

- **Hedging and trading activity by our affiliates could potentially adversely affect the value of the Securities** – One or more of our affiliates and/or third-party dealers expect to carry out hedging activities related to the Securities, including trading in the Underlying Shares or the constituent stocks of the Share Underlying Index, in futures or options contracts on the Underlying Shares, the Share Underlying Index or the constituent stocks of the Share Underlying Index, as well as in other instruments related to the Underlying Shares or the Share Underlying Index. As a result, these entities may be unwinding or adjusting hedge positions during the term of the Securities, and the hedging strategy may involve greater and more frequent dynamic adjustments to the hedge as the Final Valuation Date approaches. MS & Co. and some of our other affiliates also trade the Underlying Shares or the constituent stocks of the Share Underlying Index, in futures or options contracts on the Underlying Shares, the Share Underlying Index or the constituent stocks of the Share Underlying Index, as well as in other instruments related to the Underlying Shares or the Share Underlying 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 Trade Date could potentially increase the Initial Price of the Underlying Shares, and, therefore, could increase the Downside Threshold, which is the price at or above which the Underlying Shares must close on the Final Valuation Date so that investors do not suffer a significant loss on their initial investment in the Securities. Additionally, such hedging or trading activities during the term of the Securities, including on the Final Valuation Date, could adversely affect the Closing Price of the Underlying Shares on the Final Valuation Date, and, accordingly, the amount of cash payable at maturity, if any.

¨ **Potential conflict of interest** – As Calculation Agent, MS & Co. will determine the Initial Price, the Downside Threshold, the Upside Gearing, the Final Price and whether any Market Disruption Event has occurred, and will calculate the amount payable at maturity, 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, any adjustment to the Adjustment Factor and the selection of a Successor Index or calculation of the Final Price in the event of a discontinuance of the Share Underlying Index or a Market Disruption Event. These potentially subjective determinations may adversely affect the payout to you at maturity, if any. For further information regarding these types of determinations, see "Additional Terms of the Securities—Postponement of Final Valuation Date and Maturity Date," "—Discontinuance of the Underlying Shares and/or Share Underlying Index; Alteration of Method of Calculation," "—Calculation Agent and Calculations " and related definitions below. In addition, MS & Co. has determined the estimated value of the Securities on the Trade Date.

¨ **Potentially inconsistent research, opinions or recommendations by Morgan Stanley, UBS or our or their respective affiliates** – Morgan Stanley, UBS and our or their respective affiliates may publish research from time to time on financial markets and other matters that may influence the value of the Securities, or express opinions or provide recommendations that are inconsistent with purchasing or holding the Securities. Any research, opinions or recommendations expressed by Morgan Stanley, UBS or our or their respective affiliates may not be consistent with each other and may be modified from time to time without notice. Investors should make their own independent investigation of the merits of investing in the Securities and the Underlying Shares to which the Securities are linked.

¨ **Uncertain Tax Treatment** – Please note that the discussions in this free writing prospectus concerning the U.S. federal income tax consequences of an investment in the Securities supersede the discussions contained in the accompanying prospectus supplement.

Subject to the discussion under "What Are the Tax Consequences of the Securities" in this free writing prospectus, although there is uncertainty regarding the U.S. federal income tax consequences of an investment in the Securities due to the lack of governing authority, in the opinion of our counsel, Davis Polk & Wardwell LLP ("our counsel"), under current law, and based on current market conditions, each Security should be treated as a single financial contract that is an "open transaction" for U.S. federal income tax purposes.

Because the Securities are linked to shares of an exchange-traded fund, although the matter is not clear, there is a substantial risk that an investment in the Securities will be treated as a "constructive ownership transaction." If this treatment applies, all or a portion of any long-term capital gain of a U.S. Holder (as defined below) in respect of the Securities could be recharacterized as ordinary income (in which case an interest charge would be imposed). U.S. Holders should read the section entitled "What Are the Tax Consequences of the Securities? — Tax Consequences to

U.S. Holders — Tax Treatment of the Securities — Potential Application of the Constructive Ownership Rule" in this free writing prospectus.

If the Internal Revenue Service (the "IRS") were successful in asserting an alternative treatment for the Securities, the timing and character of income on the Securities might differ significantly from the tax treatment described herein. For example, under one possible treatment, the IRS could seek to recharacterize the Securities as debt instruments. In that event, U.S. Holders would be required to accrue into income original issue discount on the Securities every year at a "comparable yield" determined at the time of issuance and recognize all income and gain in respect of the Securities as ordinary income. The risk that financial instruments providing for buffers, triggers or similar downside protection features, such as the Securities, would be recharacterized as debt is greater than the risk of recharacterization for comparable financial instruments that do not have such features. We do not plan to request a ruling from the IRS regarding the tax treatment of the Securities, and the IRS or a court may not agree with the tax treatment described in this free writing prospectus.

In 2007, the U.S. Treasury Department and the IRS released a notice requesting comments on the U.S. federal income tax treatment of "prepaid forward contracts" and similar instruments. The notice focuses in particular on whether to require holders of these instruments to accrue income over the term of their investment. It also asks for comments on a number of related topics, including the character of income or loss with respect to these instruments; whether short-term instruments should be subject to any such accrual regime; the relevance of factors such as the exchange-traded status of the instruments and the nature of the underlying property to which the instruments are linked; the degree, if any, to which income (including any mandated accruals) realized by Non-U.S. Holders (as defined below) should be subject to withholding tax; and whether these instruments are or should be subject to the "constructive ownership" rule, as discussed above. While the notice requests comments on appropriate transition rules and effective dates, any Treasury regulations or other guidance promulgated after consideration of these issues could materially and adversely affect the tax consequences of an investment in the Securities, possibly with retroactive effect.

Both U.S. and Non-U.S. Holders should read carefully the discussion under "What Are the Tax Consequences of the Securities" in this free writing prospectus and consult their tax advisers regarding all aspects of the U.S. federal tax consequences of an investment in the Securities as well as any tax consequences arising under the laws of any state, local or non-U.S. taxing jurisdiction.

Scenario Analysis and Examples at Maturity

These examples are based on hypothetical terms. The actual terms will be determined on the Trade Date.

The below scenario analysis and examples are provided for illustrative purposes only and are hypothetical. They do not purport to be representative of every possible scenario concerning increases or decreases in the price of the Underlying Shares relative to the Initial Price. We cannot predict the Final Price on the Final Valuation Date. You should not take the scenario analysis and these examples as an indication or assurance of the expected performance of the Underlying Shares. The numbers appearing in the examples below have been rounded for ease of analysis. The following scenario analysis and examples illustrate the payment at maturity for a $10.00 security on a hypothetical offering of the Securities, based on the following terms*:

Investment term:	Approximately 5 years
Hypothetical Initial Price:	$40.00
Hypothetical Downside Threshold:	$30.00 (75% of the hypothetical Initial Price)
Hypothetical Upside Gearing:	1.15

* The actual Initial Price, Downside Threshold, and Upside Gearing for the Securities will be determined on the Trade Date.

Example 1— The price of the Underlying Shares *increases* from an Initial Price of $40 to a Final Price of $44. The Underlying Return is greater than zero and expressed as a formula:

Underlying Return = ($44 - $40) / $40 = 10%

Payment at Maturity = $10 + [$10 × (10% × 1.15)] = $11.15

Because the Underlying Return is equal to 10%, the Payment at Maturity is equal to $11.15 per $10.00 Principal Amount of Securities, resulting in a total return on the Securities of 11.50%.

Example 2— The Final Price is equal to the Initial Price of $40. The Underlying Return is zero and expressed as a formula:

Underlying Return = (\$40 – \$40) / \$40 = 0%

Payment at Maturity = \$10.00

Because the Underlying Return is zero, the Payment at Maturity per Security is equal to the original \$10.00 Principal Amount per Security, resulting in a zero percent return on the Securities.

Example 3— The price of the Underlying Shares *decreases* from an Initial Price of \$40 to a Final Price of \$36. The Underlying Return is negative and expressed as a formula:

Underlying Return = (\$36 - \$40) / \$40 = -10%

Payment at Maturity = \$10.00

Because the Underlying Return is less than zero, but the Final Price is greater than or equal to the Downside Threshold on the Final Valuation Date, MSFL will pay you a Payment at Maturity equal to \$10.00 per \$10.00 Principal Amount of Securities, resulting in a zero percent return on the Securities.

Example 4— The price of the Underlying Shares *decreases* from an Initial Price of \$40 to a Final Price of \$16. The Underlying Return is negative and expressed as a formula:

Underlying Return = (\$16 - \$40) / \$40 = -60%

Payment at Maturity = \$10 + (\$10 × -60%) = \$4.00

Because the Underlying Return is less than zero and the Final Price is below the Downside Threshold on the Final Valuation Date, the Securities will be fully exposed to any decline in the price of the Underlying Shares over the term of the Securities. Therefore, the Payment at Maturity is equal to \$4.00 per \$10.00 Principal Amount of Securities, resulting in a total loss on the Securities of 60.00%.

If the Final Price is below the Downside Threshold on the Final Valuation Date, the Securities will be fully exposed to any decline in the Underlying Shares, and you will lose a significant portion or all of your Principal Amount at maturity.

11

Scenario Analysis – Hypothetical Payment at Maturity for each $10.00 Principal Amount of Securities.

Performance of the Underlying Shares		Performance of the Securities		
Final Price	Underlying Return	Upside Gearing	Payment at Maturity	Return on Securities Purchased at $10.00 (1)
$80.00	100%	1.15	$21.50	115.00%
$76.00	90%	1.15	$20.35	103.50%
$72.00	80%	1.15	$19.20	92.00%
$68.00	70%	1.15	$18.05	80.50%
$64.00	60%	1.15	$16.90	69.00%
$60.00	50%	1.15	$15.75	57.50%
$56.00	40%	1.15	$14.60	46.00%
$52.00	30%	1.15	$13.45	34.50%
$48.00	20%	1.15	$12.30	23.00%
$44.00	10%	1.15	$11.15	11.50%
$40.00	**0%**	**N/A**	$10.00	**0.00%**
$38.00	-5%	N/A		