

SUPPLEMENT

BASE PROSPECTUS FOR FIXED INCOME NOTES BASE PROSPECTUS FOR INDEX LINKED SECURITIES

MORGAN STANLEY & CO. INTERNATIONAL PLC
(incorporated with limited liability in England and Wales)

MORGAN STANLEY B.V.
(incorporated with limited liability in the Netherlands)

and

MORGAN STANLEY
(incorporated under the laws of the State of Delaware in the United States of America)

as Guarantor for any issues of Notes by Morgan Stanley B.V.

Euro 2,000,000,000 German Programme for Medium Term Securities
(Programme for the Issuance of Securities)

MORGAN STANLEY IQ

This supplement (the "**Supplement**") has been prepared in connection with the Euro 2,000,000,000 German Programme for Medium Term Securities (Programme for the Issuance of Securities) (the "**Programme**") of Morgan Stanley & Co. International plc ("**MSIP**") and Morgan Stanley B.V. ("**MSBV**") and together with MSIP, the "**Issuers**", and should be read in conjunction with:

- (a) the base prospectus for the issuance of fixed income notes in the English language dated 30 June 2016 (the "**Base Prospectus for Fixed Income Notes**"); and
- (b) the base prospectus for the issuance of index linked securities in the English language dated 30 September 2016 (the "**Base Prospectus for Index Linked Securities**");

(each of the base prospectuses listed above under (a) and (b) an "**Original Base Prospectus**" and together the "**Original Base Prospectuses**") in respect of the Programme.

Securities issued by MSBV will benefit from a guarantee (the "**Guarantee**") by Morgan Stanley ("**Morgan Stanley**" or the "**Guarantor**").

This Supplement is a supplement within the meaning of article 13 of the Luxembourg Act on Securities Prospectuses (*loi relative aux prospectus pour valeurs mobilières*) which implements article 16 of the Prospectus Directive.

The Issuer has requested the CSSF to provide the following competent authorities with a certificate of approval attesting that this Supplement has been drawn up in accordance with the Commission Regulation (EC) 809/2004 of 24 April 2004, as amended from time to time, (the "**Notification**"):

- (a) in respect of the Base Prospectus for Fixed Income Notes, the competent authorities in the Republic of Austria and the Federal Republic of Germany; and
- (b) in respect of the Base Prospectus for Index Linked Securities, the competent authorities in the Republic of Austria, the Federal Republic of Germany and the Italian Republic.

The Issuer may from time to time request the CSSF to provide to competent authorities of additional Member States of the European Economic Area a Notification concerning this Supplement along with the Original Prospectus and all relevant supplements.

Unless otherwise stated or the context otherwise requires, terms defined in each of the Original Base Prospectuses have the same meaning when used in this Supplement in relation to the relevant Original Base Prospectus.

Each of the Original Base Prospectuses and this Supplement has been published on the website of the Luxembourg Stock Exchange (www.bourse.lu).

The purpose of this Supplement is to:

- (a) disclose the publication by Morgan Stanley of its Quarterly Report on Form 10-Q for the quarterly period ended 30 September 2016 (the "**Morgan Stanley September 2016 10-Q**") and incorporate by reference, as set out in the section of this Supplement entitled "Amendments to the Original Base Prospectuses";
- (b) disclose the publication by Morgan Stanley of its Quarterly Report on Form 10-Q for the quarterly period ended 30 June 2016 (the "**Morgan Stanley June 2016 10-Q**") and incorporate by reference, as set out in the section of this Supplement entitled "Amendments to the Original Base Prospectuses";
- (c) disclose the publication by MSIP of its Interim Financial Report for the six months ended 30 June 2016 (the "**MSIP June 2016 Interim Report**") and incorporate by reference, as set out in the section of this Supplement entitled "Amendments to the Original Base Prospectuses";
- (d) disclose the publication by MSBV of its Interim Financial Report for the six months ended 30 June 2016 (the "**MSBV June 2016 Interim Report**") and incorporate by reference, as set out in the section of this Supplement entitled "Amendments to the Original Base Prospectuses";
- (e) disclose the publication of the first supplement to the Registration Document of Morgan Stanley, MSIP and MSBV dated 19 October 2016 and approved by the CSSF (the "**First Registration Document Supplement**") and incorporate by reference, as set out in the section of this Supplement entitled "Amendments to the Original Base Prospectuses";
- (f) make certain consequential amendments to the summary in each relevant Original Base Prospectus pursuant to the publication of the Morgan Stanley September 2016 10-Q, the Morgan Stanley June 2016 10-Q, the MSIP June 2016 Interim Report and the MSBV June 2016 Interim Report as set out in the section of this Supplement entitled "Amendments to the Original Base Prospectuses"; and
- (g) in respect of future issuances only under the Original Base Prospectuses, make amendments to specified sections as set out in the section of this Supplement entitled "Amendments to the Original Base Prospectuses";

In accordance with article 13 of the Luxembourg Act on Securities Prospectuses (*loi relative aux prospectus pour valeurs mobilières*), investors who have already submitted purchase orders in relation to instruments issued under the Programme prior to the publication of this Supplement are entitled to withdraw their orders within two days of this Supplement having been published (the "**Withdrawal Right End Date**") if not yet credited in their respective securities account for the instruments so subscribed. Withdrawal Right End Date means 14 December 2016. A withdrawal, if any, of an order must be communicated in writing to the relevant Issuer at its registered office specified in the Address List hereof.

TABLE OF CONTENTS

IMPORTANT NOTICE 4

RESPONSIBILITY STATEMENT 5

AMENDMENTS TO THE ORIGINAL BASE PROSPECTUSES 6

ADDRESS LIST 12

IMPORTANT NOTICE

This Supplement should be read and construed with the relevant Original Base Prospectus and with any documents incorporated by reference therein and, in relation to any issue of Securities, with the relevant Final Terms. In the case of any inconsistency between (i) any statement contained in this Supplement or any statement incorporated by reference into the Base Prospectus through this Supplement; and (ii) any other statement in or incorporated by reference in the Original Base Prospectus as supplemented, the statement contained in this Supplement or the statement incorporated by reference into the Base Prospectus through this Supplement shall prevail.

No person has been authorised by any of the Issuers or the Guarantor to issue any statement which is not consistent with or not contained in this document, any other document entered into in relation to the Programme or any information supplied by the Issuers or the Guarantor or any information as in the public domain and, if issued, such statement may not be relied upon as having been authorised by the Issuers or the Guarantor.

No person may use this Supplement, each of the Original Base Prospectuses or any Final Terms for the purpose of an offer or solicitation if in any jurisdiction such use would be unlawful. In particular, this document may only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the Financial Services and Markets Act 2000 does not apply. Additionally, Securities issued under this Programme will not be registered under the United States Securities Act of 1933, as amended. Therefore, Securities may not be offered, sold or delivered within the United States or to U.S. persons.

For a more detailed description of some restrictions, see the paragraph "Subscription and Sale" of the relevant the Original Base Prospectus.

Neither this Supplement, the Original Base Prospectuses nor any Final Terms constitute an offer to purchase any Securities and should not be considered as a recommendation by the Issuers or the Guarantor that any recipient of this Supplement, the Original Base Prospectuses or any Final Terms should purchase any Securities. Each such recipient shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of each of the Issuers and the Guarantor (see section "Risk Factors" of the relevant Original Base Prospectus).

RESPONSIBILITY STATEMENT

Each of the Issuers and the Guarantor accepts responsibility for information contained in the Base Prospectus. To the best of the knowledge and belief of each of MSIP, MSBV and Morgan Stanley (each of which has taken all reasonable care to ensure that such is the case), the information for which it accepts responsibility as aforesaid is in accordance with the facts and does not omit anything likely to affect the import of such information.

Dated: 09 December 2016

AMENDMENTS TO THE ORIGINAL BASE PROSPECTUSES

Significant new factors and/or inaccuracies (as referred to in Art 16 (1) of the Prospectus Directive) have arisen which in the Issuer's perception are capable of affecting the assessment of the Securities. Thus, the following changes are made to the Original Base Prospectuses.

1. Incorporation by Reference

This Supplement incorporates by reference the Morgan Stanley September 2016 10-Q, the Morgan Stanley June 2016 10-Q, the MSIP June 2016 Interim Report, the MSBV June 2016 Interim Report and Part B of the First Registration Document Supplement and must be read in conjunction with the section entitled "*Incorporation by Reference*" contained on:

- (i) Pages 93-101 of the Base Prospectus for Fixed Income Notes; and
- (ii) Pages 144-167 of the Base Prospectus for Index Linked Securities.

The following documents shall be deemed to be added to the list of documents incorporated by reference in the Base Prospectus for Fixed Income Notes:

Relevant document and information incorporated by reference	Page(s)
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8. Morgan Stanley Quarterly Report on Form 10-Q for the quarterly period ended 30 September 2016

Consolidated Statements of Income (unaudited)	1
Consolidated Statements of Comprehensive Income (unaudited)	2
Consolidated Balance Sheets (unaudited)	3
Consolidated Statements of Changes in Total Equity (unaudited)	4
Consolidated Statements of Cash Flows (unaudited)	5
Notes to Consolidated Financial Statements (unaudited)	6-54
Report of Independent Registered Public Accounting Firm	55
Management's Discussion and Analysis of Financial Condition and Results of Operations	56-86
Quantitative and Qualitative Disclosures about Market Risk	87-96
Controls and Procedures	97
Financial Data Supplement (unaudited)	98-100
Legal Proceedings	101
Unregistered Sales of Equity Securities and Use of Proceeds	102
Signatures	103

9. Morgan Stanley Quarterly Report on Form 10-Q for the quarterly period ended 30 June 2016

Consolidated Statements of Income (unaudited)	1
Consolidated Statements of Comprehensive Income (unaudited)	2
Consolidated Balance Sheets (unaudited)	3
Consolidated Statements of Changes in Total Equity (unaudited)	4
Consolidated Statements of Cash Flows (unaudited)	5
Notes to Consolidated Financial Statements (unaudited)	6-70
Report of Independent Registered Public Accounting Firm	71
Management's Discussion and Analysis of Financial Condition and Results of Operations	72-107
Quantitative and Qualitative Disclosures about Market Risk	108-120
Controls and Procedures	121
Financial Data Supplement (unaudited)	122-127
Legal Proceedings	128
Unregistered Sales of Equity Securities and Use of Proceeds	129
Signatures	130

10. MSIP June 2016 Interim Report

Directors' responsibility statement	12
Independent review report to Morgan Stanley & Co. International plc	13
Condensed consolidated income statement	14
Condensed consolidated statement of comprehensive income	15
Condensed consolidated statement of changes in equity	16
Condensed consolidated statement of financial position	17
Condensed consolidated statement of cash flows	18
Notes to the condensed consolidated financial statements	19-51

11. MSBV June 2016 Interim Report

Interim management report	1-5
Directors' responsibility statement	6
Condensed statement of comprehensive income	7
Condensed statement of changes in equity	8
Condensed statement of financial position	9
Condensed statement of cash flows	10
Notes to the condensed financial statements	11-34

12. First Registration Document Supplement

Part B - Consequential Amendments to the Registration Document	4-7
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This Supplement expressly does not incorporate by reference the documents and/or information identified in the cross-reference table below:

Document incorporated by reference	Information not incorporated by reference
Morgan Stanley Quarterly Report on Form 10-Q for the quarterly period ended 30 September 2016	Exhibits
	Exhibits Index
Morgan Stanley Quarterly Report on Form 10-Q for the quarterly period ended 30 June 2016	Exhibits
	Exhibits Index
MSIP June 2016 Interim Report	Pages 1-11
First Registration Document Supplement	Part A

The following documents shall be deemed to be added to the list of documents incorporated by reference in the Base Prospectus for Index Linked Securities:

Relevant document and information incorporated by reference	Page(s)
5. Morgan Stanley Quarterly Report on Form 10-Q for the quarterly period ended 30 September 2016	
Consolidated Statements of Income (unaudited)	1
Consolidated Statements of Comprehensive Income (unaudited)	2
Consolidated Balance Sheets (unaudited)	3
Consolidated Statements of Changes in Total Equity (unaudited)	4
Consolidated Statements of Cash Flows (unaudited)	5
Notes to Consolidated Financial Statements (unaudited)	6-54

Report of Independent Registered Public Accounting Firm	55
Management's Discussion and Analysis of Financial Condition and Results of Operations	56-86
Quantitative and Qualitative Disclosures about Market Risk	87-96
Controls and Procedures	97
Financial Data Supplement (unaudited)	98-100
Legal Proceedings	101
Unregistered Sales of Equity Securities and Use of Proceeds	102
Signatures	103

First Registration Document Supplement

Part B - Consequential Amendments to the Registration Document	4-7
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This Supplement expressly does not incorporate by reference the documents and/or information identified in the cross-reference table below:

Document incorporated by reference	Information not incorporated by reference
Morgan Stanley Quarterly Report on Form 10-Q for the quarterly period ended 30 September 2016	Exhibits
First Registration Document Supplement	Exhibits Index
	Part A

The Morgan Stanley September 2016 10-Q and the Morgan Stanley June 2016 10-Q are available on Morgan Stanley's website at www.morganstanley.com/about-us-ir and on the website of the Luxembourg Stock Exchange at www.bourse.lu.

The MSIP June 2016 Interim Report is available on Morgan Stanley's IQ website www.morganstanleyiq.eu/EN/ and on the website of the Luxembourg Stock Exchange at www.bourse.lu.

The MSBV June 2016 Interim Report is available on Morgan Stanley's IQ website www.morganstanleyiq.eu/EN/ and on the website of the Luxembourg Stock Exchange at www.bourse.lu.

The First Registration Document Supplement is available on Morgan Stanley's IQ website www.morganstanleyiq.eu/EN/ and on the website of the Luxembourg Stock Exchange at www.bourse.lu.

2. Consequential Amendments to the Original Base Prospectuses

The Original Base Prospectuses are hereby amended as follows:

- A. The selected key financial information relating to MSIP at Element B.12 of the Summary on page 10 of the Base Prospectus for Fixed Income Notes shall be deemed to be deleted and replaced with the information below:

B.12	Selected historical key financial information (in millions of U.S. dollar):	Consolidated Balance Sheet (in U.S.\$ millions)	31 Dec 2014	31 Dec 2015	Six months ended 30 June (unaudited)	
					2015	2016
		Total assets	448,526	394,084	431,277	470,491
		Total liabilities and equity	448,526	394,084	431,277	470,491

	Consolidated Income Statement (in U.S.\$ millions)	31 Dec 2014 (Restated)	31 Dec 2015	Six months ended 30 June (unaudited)	
				2015 (Restated)	2016
	<i>Net gains on financial instruments classified as held for trading</i>	2,775	3,508	2,258	1,911
	<i>Profit (loss) before tax</i>	(677)	710	831	465
	<i>Profit (loss) for the year/period</i>	(713)	401	548	293
No material adverse change in the prospects of the Issuer:	There has been no material adverse change in the prospects of MSIP since 31 December 2015, the date of the latest published annual audited financial statements of MSIP.				
Significant changes in the financial or trading position of the Issuer:	Not applicable. There has been no significant change in the financial or trading position of MSIP since 30 June 2016, the date of the latest interim unaudited financial statements of MSIP.				

- B. The selected key financial information relating to MSBV at Element B.12 of the Summary on Page 12 of the Base Prospectus for Fixed Income Notes shall be deemed to be deleted and replaced with the information below:

B.12	Selected historical key financial information (in thousands of euro):	Statement of financial position (in EUR '000)	31 Dec 2014	31 Dec 2015	Six months ended 30 June (unaudited)	
					2015	2016
		<i>Total assets</i>	8,081,802	8,770,208	9,480,695	9,300,670
		<i>Total liabilities and equity</i>	8,081,802	8,770,208	9,480,695	9,300,670
		Statement of comprehensive income (in EUR '000)	31 Dec 2014	31 Dec 2015	Six months ended 30 June (unaudited)	
					2015	2016
		<i>Net gains/ (losses) on financial instruments classified as held for trading</i>	185,570	(478,444)	309,733	(310,651)

			<i>Net gains/ (losses) on financial instruments designated at fair value through profit or loss</i>	(185,570)	482,884	(309,733)	307,692
			<i>Profit before income tax</i>	6,658	10,151	2,603	169
			<i>Profit and total comprehensive income for the year/period</i>	4,993	7,620	1,952	133
	<p>No material adverse change in the prospects of the Issuer:</p> <p>Significant changes in the financial or trading position of the Issuer:</p>	<p>There has been no material adverse change in the prospects of MSBV since 31 December 2015, the date of the latest published annual audited financial statements of MSBV.</p> <p>Not applicable. There has been no significant change in the financial or trading position of MSBV since 30 June 2016, the date of the latest interim unaudited financial statements of MSBV.</p>					

C. The selected key financial information relating to Morgan Stanley at Element B.19 (B.12) of the Summary on:

- (i) Pages 14-15 of the Base Prospectus for Fixed Income Notes; and
- (ii) Page 15 of the Base Prospectus for Index Linked Securities,

shall be deemed to be deleted and replaced with the information below:

B.19 B.12	Selected historical key financial information (in U.S. dollar):					
		Consolidated Balance Sheets (U.S.\$ in millions)	31 Dec 2014	31 Dec 2015	At 30 September 2015 (unaudited)	At 30 September 2016 (unaudited)
		<i>Total assets</i>	801,510	787,465	834,113	813,891
		<i>Total liabilities and equity</i>	801,510	787,465	834,113	813,891
		Consolidated Statements of Income (U.S.\$ in millions)	31 Dec 2014	31 Dec 2015	Nine months ended 30 September 2015 (unaudited)	Nine months ended 30 September 2016 (unaudited)
		<i>Net revenues</i>	34,275	35,155	27,417	25,610
		<i>Income from continuing operations before income taxes</i>	3,591	8,495	7,056	6,602
		<i>Net income</i>	3,667	6,279	5,343	4,443

		<p>There has been no material adverse change in the prospects of Morgan Stanley since 31 December 2015, the date of the latest published annual audited financial statements of Morgan Stanley</p> <p>Not applicable. There has been no significant change in the financial or trading position of Morgan Stanley since 30 September 2016, the date of the latest interim unaudited financial statements of Morgan Stanley.</p>
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- D. On page 113 of the Base Prospectus for Fixed Income Notes the section entitled “*Significant changes in the financial or trading position*” shall be deemed to be deleted in its entirety and shall be replaced with the following:

MSIP

There has been no significant change in the financial or trading position of MSIP since 30 June 2016, the date of the latest interim unaudited financial statements of MSIP.

MSBV

There has been no significant change in the financial or trading position of MSBV since 30 June 2016, the date of the latest interim unaudited financial statements of MSBV.

Morgan Stanley

There has been no significant change in the financial or trading position of Morgan Stanley since 30 September 2016, the date of the latest interim unaudited financial statements of Morgan Stanley.

- E. On Page 163 of the Base Prospectus for Index Linked Securities the section entitled “*Significant changes in the financial or trading position*” shall be deemed to be deleted in its entirety and shall be replaced with the following:

“Morgan Stanley

There has been no significant change in the financial or trading position of Morgan Stanley since 30 September 2016, the date of the latest interim unaudited financial statements of Morgan Stanley.

- F. On:

(i) Pages 114-115 of the Base Prospectus for Fixed Income Notes; and

(ii) Pages 165-167 of the Base Prospectus for Index Linked Securities,

the section entitled “*Litigation*”, the text under the heading “*Morgan Stanley*” shall be deemed to be deleted in its entirety and shall be replaced with the following:

“Morgan Stanley

Save as disclosed in:

(i) *the section entitled “Legal Proceedings” in Part I - Item 3 at pages 24-32 and in the paragraphs beginning with “Legal” under the heading “Contingencies” under the heading “Commitments, Guarantees and Contingencies” in “Notes to Consolidated Financial Statements” in Part II - Item 8 at pages 202-205 of Morgan Stanley’s Annual Report on Form 10-K for the year ended 31 December 2015 (the “Form 10-K”);*

(ii) *the section entitled “Legal Settlement” under the heading “24. Subsequent Events” in “Notes to the Consolidated Financial Statements” in Part II – Item 8 at page 250 of the Form 10-K;*

- (iii) the paragraphs beginning with "Legal" under the heading "Contingencies" under the heading "Commitments, Guarantees and Contingencies" in "Notes to Condensed Consolidated Financial Statements" in Part I – Item 1 at pages 47-50 and the section entitled "Legal Proceedings" in Part II – Item 1 at page 126 of Morgan Stanley's Quarterly Report on Form 10-Q for the quarterly period ended 31 March 2016;*
- (iv) the paragraphs beginning with "Legal" under the heading "Contingencies" under the heading "Commitments, Guarantees and Contingencies" in "Notes to Condensed Consolidated Financial Statements" in Part I – Item 1 at pages 50-53 and the section entitled "Legal Proceedings" in Part II – Item 1 at page 128 of Morgan Stanley's Quarterly Report on Form 10-Q for the quarterly period ended 30 June 2016;*
- (v) the paragraphs beginning with "Legal" under the heading "Contingencies" under the heading "Commitments, Guarantees and Contingencies" in "Notes to Condensed Consolidated Financial Statements" in Part I – Item 1 at pages 39-43 and the section entitled "Legal Proceedings" in Part II – Item 1 at page 101 of Morgan Stanley's Quarterly Report on Form 10-Q for the quarterly period ended 30 September 2016; and*
- (vi) the section entitled "Legal Proceedings and Contingencies" at Part 7 of the section entitled "Description of Morgan Stanley" at pages 39 to 53 of the Registration Document, the section entitled "Legal Proceedings" at Part 7 of the section entitled "Description of Morgan Stanley & Co. International plc" at pages 64 to 66 of the Registration Document, the section entitled "Legal Proceedings" at Part 7 of the section entitled "Description of Morgan Stanley B.V." at page 69 of the Registration Document and the section entitled "Legal Proceedings" at Part 7 of the section entitled "Description of Morgan Stanley Finance LLC" at page 73 of the Registration Document,*

there are no, nor have there been, any governmental, legal or arbitration proceedings involving Morgan Stanley, MSI plc or MSBV (including any such proceedings which are pending or threatened of which Morgan Stanley, MSI plc or MSBV is aware) during the 12-month period before the date of this Base Prospectus which may have, or have had in the recent past, a significant effect on the financial position or profitability of Morgan Stanley, MSIP or MSBV or the Morgan Stanley Group."

ADDRESS LIST

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