

Final Terms dated 20 January 2012

Series Number: D1604

Common Code: 073449022

Tranche: 1

ISIN: XS0734490229

Morgan Stanley B.V.

Issue of 5,500,000 Certificates linked to shares of Citigroup Inc.

Guaranteed by Morgan Stanley

under the Program for the Issuance of Notes, Certificates and Warrants

The Base Prospectus referred to below (as completed by these Final Terms) has been prepared on the basis that any offer of Securities in any Member State of the European Economic Area which has implemented the Prospectus Directive (2003/71/EC) (each, a **Relevant Member State**) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of the Securities. Accordingly any person making or intending to make an offer in that Relevant Member State of the Securities may only do so in circumstances in which no obligation arises for the Issuer or any Distribution Agent to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. Neither the Issuer nor any Distribution Agent has authorised, nor do they authorise, the making of any offer of Securities in any other circumstances.

The expression **Prospectus Directive** means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression **2010 PD Amending Directive** means Directive 2010/73/EU.

PART A – CONTRACTUAL TERMS

THE SECURITIES AND THE GUARANTEE IN RESPECT THEREOF HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**") OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES, AND THE SECURITIES MAY INCLUDE BEARER SECURITIES THAT ARE SUBJECT TO U.S. TAX LAW REQUIREMENTS. NEITHER THE ISSUER NOR THE GUARANTOR IS REGISTERED, OR WILL REGISTER, UNDER THE U.S INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE "**INVESTMENT COMPANY ACT**"). TRADING IN THE FUTURES HAS NOT BEEN APPROVED BY THE U.S. COMMODITY FUTURES TRADING COMMISSION UNDER THE U.S. COMMODITY EXCHANGE ACT, AS AMENDED.

SUBJECT TO CERTAIN EXCEPTIONS, THE SECURITIES MAY NOT BE OFFERED OR SOLD OR, IN THE CASE OF BEARER SECURITIES, DELIVERED, WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OF, U.S. PERSONS (AS DEFINED IN EITHER REGULATIONS UNDER THE SECURITIES ACT OR THE UNITED STATES INTERNAL REVENUE CODE OF 1986, AS AMENDED).

SEE "SUBSCRIPTION AND SALE AND TRANSFER RESTRICTIONS" AND "FORM OF THE BEARER SECURITIES – TAX LIMITATIONS ON ISSUANCE OF BEARER SECURITIES" IN THE BASE PROSPECTUS. IN PURCHASING THE SECURITIES, PURCHASERS WILL BE DEEMED TO REPRESENT AND WARRANT THAT THEY ARE NEITHER LOCATED IN THE UNITED STATES NOR A U.S. PERSON AND THAT THEY ARE NOT PURCHASING FOR, OR FOR THE ACCOUNT OR BENEFIT OF, ANY SUCH PERSON.

This document constitutes Final Terms relating to the issue of Securities described herein. Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 17 November 2011 which constitutes a base prospectus (the "**Base Prospectus**") for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the "**Prospectus Directive**") as amended (which includes the amendments made by

Directive 2010/73/EU (the "**2010 PD Amending Directive**") to the extent that such amendments have been implemented in a relevant Member State of the European Economic Area). This document constitutes the Final Terms of the Securities described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Base Prospectus (as so supplemented). Full information on the Issuer and the offer of the Securities is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus is available for viewing at Deutsche Bank AG, London Branch, Winchester House, 1 Great Winchester Street, London EC2N 2DB, being the London office of the Fiscal Agent and also at the principal executive offices of Morgan Stanley and the registered office of the Issuer.

Information Concerning Investment Risk

Securityholders and prospective purchasers of Securities should ensure that they understand the nature of the Securities and the extent of their exposure to risk and that they consider the suitability of the Securities as an investment in the light of their own circumstances and financial condition. An investment in the Securities entails risks not associated with investments in a conventional debt security, such as described in section entitled "Risk Factors Relating to the Securities" on pages 27 to 35 of the Base Prospectus. The performance of the Shares will affect the nature and value of the investment return on the Securities. Securityholders and prospective purchasers of Securities should conduct their own investigations and, in deciding whether or not to purchase Securities, prospective purchasers should form their own views of the merits of an investment related to the Shares based upon such investigations and not in reliance on any information given in these Final Terms or, if applicable, any listing document prepared in connection with the listing of the Securities.

Given the highly specialised nature of these Securities, the Issuer, the Guarantor and the Distribution Agent consider that they are only suitable for sophisticated investors who are able to determine for themselves the risk of an investment linked to the Shares and who are able to bear the loss of any amount invested. Consequently, if you are not such an investor you should not consider purchasing these Securities without taking detailed advice from a specialised professional adviser.

Prospective purchasers should note the United States Taxation set out on pages 132 to 138 of the Base Prospectus. Prospective purchasers are hereby notified that sellers of the Securities may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.

Morgan Stanley is not qualified to give legal, tax or accounting advice to its clients and does not purport to do so in this document. Clients are urged to seek the advice of their own professional advisers about the consequences of the proposals contained herein.

US Treasury Circular 230 Notice - Morgan Stanley does not render advice on tax and tax accounting matters to its clients. This material was not intended or written to be used, and it cannot be used by any taxpayer, for the purpose of avoiding penalties that may be imposed on the taxpayer under U.S. federal tax laws.

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| 1. | (i) | Issuer: | Morgan Stanley B.V. |
| | (ii) | Guarantor: | Morgan Stanley |
| 2. | (i) | Series Number: | D1604 |
| | (ii) | Tranche Number: | 1 |
| 3. | | Type: | Share Certificates |
| 4. | (i) | Issue Date: | 20 January 2012 |
| | (ii) | Trade Date: | 12 January 2012 |
| 5. | | Specified Currency or Currencies: | United States Dollar ("USD") |
| 6. | | Aggregate Nominal Amount or number of Securities: | |

- (i) Series: 5,500,000
- (ii) Tranche: 5,500,000
- 7. Nominal Amount per Security: Not Applicable
- 8. Issue Price: USD 31.7776 per Certificate

PROVISIONS RELATING TO THE UNDERLYING, VALUATION AND ADJUSTMENTS

- 9. Underlying Share: Common shares of Citigroup Inc. (Bloomberg: C US Equity)
- 10. (i) Valuation Date: If Deemed Exercise applies, the Expiration Date;
If Holders Early Exercise applies, the second Business Day following the Exercise Date;
If Issuer Call Option is exercised, the second Business Day preceding the Optional Termination Date (Call) (the “**Optional Termination Valuation Date**”);
If the Extraordinary Issuer Call Option is exercised, the Extraordinary Issuer Call Date.
- (ii) Initial Valuation Date: 12 January 2012, which date shall be a Scheduled Valuation Date for the purposes of Condition 9.1 (Disruption).
- 11. Averaging Date Disruption: Not Applicable
- 12. Valuation Time: As set out in the Conditions
- 13. Averaging Dates: Not Applicable
- 14. Exchange: The New York Stock Exchange
- 15. Related Exchange: All Exchanges

PROVISIONS RELATING TO DISTRIBUTION AMOUNT(S) (IF ANY) PAYABLE

- 16. Distribution Provisions: Applicable
 - (i) Distribution Commencement Date: Initial Valuation Date
 - (ii) Distribution Valuation Date(s): As notified by the Issuer to the Securityholders from time to time, each a Record Date for the purpose of the relevant Distribution Amount.
 - (iii) Distribution Payment Date(s): 5 (five) Business Days after the date when the Eligible Dividend of the Underlying Share is received by the Issuer or its relevant affiliate or a later date as notified to the Securityholder from time to time.
 - (iv) Distribution Amount(s): An amount determined by the Determination Agent to reflect an amount equal to any cash dividends in respect of the Underlying Share, where the Ex-Date for that dividend falls on a date within the Reference Period, net of any costs, local tax (to the extent not already reflected in the Cash Settlement Amount) or fees required to be deducted or paid in connection with the relevant dividend or on any hedging amount

connected with the relevant dividend. For the avoidance of doubt, a distribution shall only be regarded as having been “paid” if a US resident corporate holder of the Underlying Share would have received the relevant distribution within the required timeframe.

- (v) Minimum Distribution Amount: Not Applicable
- (vi) Maximum Distribution Amount: Not Applicable
- (vii) Other terms relating to the payment of Distribution Amounts: None
- (viii) Additional Outperformance Weighting: Not Applicable
- (ix) Net Yield Weighting: 100.00 per cent.
However, if (a) the Determination Agent determines that at any time during the Reference Period the price of a Share has fallen to zero, or (b) prior to the Valuation Date, the Share Issuer has failed to pay any Eligible Dividend for which the relevant payment date has passed, the Net Yield shall equal zero regardless of the declaration of an Eligible Dividend.
- (x) Outperformance Weighting: Not Applicable
- (xi) Additional Outperformance Period: Not Applicable
- (xii) Reference Period: From but excluding the Initial Valuation Date to and including the Expiration Date.
- (xiii) Extraordinary Dividend: Not Applicable
- (xiv) Relevant Deduction: Applicable
- (xv) Final Valuation Date: As defined in Condition 2.1
- (xvi) Distribution Record Date: As set out above

PROVISIONS RELATING TO EXERCISE, REDEMPTION AND TERMINATION

- 17. Exercise Applicable
 - (i) Exercise Style: American style Securities
 - (ii) Deemed Exercise: Applicable
 - (iii) Call/Put: Not Applicable
 - (iv) Exercise Date or Potential Exercise Date(s): Provided that the Exercise Notice is validly delivered in accordance with Condition 7 (*Exercise Procedures*) no less than 5 (five) Business Days prior to the proposed Exercise Date, the relevant Exercise Business Day falling in the Exercise Period as specified in the Exercise Notice.
 - (v) Exercise Period or Expiration Date: From but excluding the Issue Date to and including the Expiration Date (which shall be deemed to be also the Final

	Commencement Date:	Valuation Date).
(vi)	Exercise Business Day:	Includes a Scheduled Trading Day and an Exchange Business Day.
(vii)	Latest Exercise Time:	10:00 a.m. Brussels time (in the case of Euroclear Bank), 11:00 a.m. Brussels time (if delivered by EUCLID) or 10:00 a.m. Luxembourg time (in the case of Clearstream, Luxembourg).
(viii)	Expiration Date:	12 July 2012
(ix)	Minimum Exercise Amount:	Not Applicable
(x)	Maximum Exercise Amount:	Not Applicable
(xi)	Permitted Multiple:	Not Applicable
(xii)	Cash Settlement Amount of each Security:	An amount determined by the Determination Agent equal to: Issue Price + 2 * [(Final Reference Price) - (Initial Reference Price) + Net Dividends - Commissions] – Accrued Carry

Where:

“**Initial Reference Price**” means the official closing price of the Underlying Share on the Initial Valuation Date, being USD 31.7776;

“**Final Reference Price**” means the official closing price of the Underlying Share on the Exchange on the Determination Date;

“**Commissions**” means 20bps * Initial Reference Price;

“**Accrued Carry**” means (1 Month USD Libor + 50bps) * (Issue Price) * [the number of days in the period, from, and including, the Issue Date to, and including, the Cash Settlement Payment Date/360];

“**1 Month USD Libor**” means BBA LIBOR USD 1 Month (Bloomberg: US0001M Index);

“**1 Month USD Libor Fixing Dates**” means January 18, February 18, March 18, April 18, May 18 and June 18, 2012.

(A)	Reference Value:	As set out in the Conditions
(B)	Strike Value (for Warrants only):	Not Applicable
(C)	Settlement Value:	Not Applicable
(D)	Hedging Realisation Price:	Applicable
(xiii)	Cash Settlement Payment Date:	(i) Upon Deemed Exercise, 19 July 2012 or as the case may be (ii) the 5 th Business Day following the Valuation Date, or whichever is earlier.

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| (xiv) | Maximum Cash Settlement Amount: | Not Applicable |
| (xv) | Break Fee: | Not Applicable |
| (xvi) | Break Fee Date: | Not Applicable |
| (xvii) | Other terms relating to the payment of Cash Settlement Amount: | None |
18. Redemption: Not Applicable

PROVISIONS RELATING TO EARLY TERMINATION AND DISRUPTION

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| 19. | Issuer's Call Option: | Applicable |
| (i) | Optional Termination Date (Call): | As set out in the Conditions |
| (ii) | Issuer Call Notice Period: | Not less than 5 (five) Business Days, except in case of exercising the Extraordinary Issuer Call Option. |
| (iii) | Optional Termination Amount (Call): | As set out in the Conditions |
| (iv) | Break Fee: | Not Applicable |
| (v) | Break Fee Date: | Not Applicable |
| (vi) | Other terms relating to the Issuer's Call Option: | For the avoidance of doubt, if the price of the Underlying Share, at any time prior to the Expiration Date, decreases by 10% or more compared to the Issue Price, the Issuer shall have the right to call all, but not less than all, of the Certificates (" Extraordinary Issuer Call Option ") on the date of giving such notice to Securityholders (" Extraordinary Issuer Call Date "). In such event, the Issuer shall give notice upon delivery of the Issuer Call Notice, each Certificate shall be deemed to have been exercised on the same Business Day. |
20. Investor Put Option Not Applicable
21. Additional Disruption Event: Change in Law, Hedging Disruption, Increased Cost of Hedging, Loss of Stock Borrow shall apply.
22. Early Termination Amount (if different from Condition 2): As set out in the Conditions
- Other terms relating to early termination: None

GENERAL PROVISIONS APPLICABLE TO THE SECURITIES

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| 23. | Form of Securities:
(Condition 3) | Bearer Securities:
Temporary Global Security exchangeable for a Permanent Global Security which is exchangeable for Definitive Securities on 30 days' notice in the limited circumstances specified in the Permanent Global Security. |
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24.	Status of the Guarantee:	As set out in the Conditions
25.	Financial Centre(s):	London and New York
26.	Talons for future Coupons or Receipts to be attached to Definitive Securities (and dates on which such Talons mature):	No
27.	Renominalisation and reconventioning provisions:	Not Applicable
28.	Consolidation provisions:	The provisions in Condition 19 (Further Issues) apply
29.	Clearance System:	Euroclear and Clearstream, Luxembourg
30.	Determination Agent:	Morgan Stanley & Co. International plc
31.	Additional US Federal Tax Considerations:	Not Applicable
32.	Other final terms:	Not Applicable

DISTRIBUTION

33.	Method of distribution:	Non-syndicated
34.	If syndicated, names of Distribution Agents	Not Applicable
	(i) Date of Subscription Agreement:	Not Applicable
	(ii) Stabilising Manager(s) (if any):	Not Applicable
35.	If non-syndicated, name of Distribution Agents:	Morgan Stanley & Co. International plc
36.	Whether TEFRA D or TEFRA C rules applicable or TEFRA rules not applicable in the case of Bearer Securities:	TEFRA D rules apply
37.	Total commission and concession:	Not Applicable
38.	Non exempt Offer:	Not Applicable
39.	Additional selling restrictions:	Not Applicable

LISTING AND ADMISSION TO TRADING APPLICATION

These Final Terms comprise the final terms required for issue and admission to trading on the Regulated Market of the Irish Stock Exchange of the Securities described herein pursuant to the Program for the Issuance of Notes, Certificates and Warrants by Morgan Stanley B.V.

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in these Final Terms.

Signed on behalf of the Issuer:

By: TMF Management BV
Managing Director

Duly authorised

A handwritten signature in blue ink, consisting of a large, stylized loop followed by a series of connected strokes that end in a horizontal tail.

PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

- (i) Listing: Irish Stock Exchange
- (ii) Admission to trading: Application is expected to be made for the Securities to be admitted to trading on or after the Issue Date with effect from the date of application.

2. RATINGS

Credit ratings assigned to the Securities: The Securities to be issued have not been rated.

3. OPERATIONAL INFORMATION

ISIN: XS0734490229

Common Code: 073449022

Any clearing system(s) other than Euroclear Bank S.A./N.V., Clearstream Banking, *société anonyme* and The Depository Trust Company and the relevant identification number(s): Not Applicable

Delivery: Delivery free of payment

Names and addresses of additional Paying Agent(s) (if any): Not Applicable