

**Warrants issued pursuant to these Final Terms are securities to be listed under Listing Rule 19**

**FINAL TERMS dated 11 May 2011**

**Series Number: W938**

**Tranche: 1**

**ISIN: NL0009712595**

**Morgan Stanley B.V.**

**as Issuer**

**MORGAN STANLEY**

**as Guarantor**

*PROGRAM FOR THE ISSUANCE OF NOTES, SERIES A AND B, WARRANTS AND  
CERTIFICATES*

**Issue of up to 500 Equity linked Warrants**

The Base Prospectus referred to below (as completed by these Final Terms) has been prepared on the basis that, except as provided in sub-paragraph (ii) below, any offer of Warrants 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 Warrants. Accordingly any person making or intending to make an offer of the Warrants may only do so in:

- (i) 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; or
- (ii) in those Public Offer Jurisdictions mentioned in Paragraph 32 of Part A below, provided such person is one of the persons mentioned in Paragraph 32 of Part A below and that such offer is made during the Offer Period specified for such purpose therein.

Neither the Issuer nor any Distribution Agent has authorised, nor do they authorise, the making of any offer of Warrants in any other circumstances.

THE WARRANTS DESCRIBED HEREIN HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR THE SECURITIES LAWS OF ANY STATE IN THE UNITED STATES, AND ARE SUBJECT TO U.S. TAX LAW REQUIREMENTS. THE WARRANTS DESCRIBED HEREIN MAY NOT BE OFFERED, SOLD OR DELIVERED AT ANY TIME, DIRECTLY OR INDIRECTLY, WITHIN THE UNITED STATES OR TO OR FOR THE ACCOUNT OR BENEFIT OF U.S. PERSONS (AS DEFINED IN EITHER REGULATION S UNDER THE SECURITIES ACT OR THE UNITED STATES INTERNAL REVENUE CODE OF 1986, AS AMENDED). SEE "*SUBSCRIPTION AND SALE*" AND "*NO OWNERSHIP BY U.S. PERSONS*" IN THE BASE PROSPECTUS DATED 15 JUNE 2010. IN PURCHASING THE WARRANTS, 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. THE WARRANTS ARE NOT RATED.

This document constitutes Final Terms relating to the issue of Warrants described herein. Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Warrants and Certificates (the "**Conditions**") set forth in the Base Prospectus dated 15 June 2010 which constitutes a base prospectus (the "**Base Prospectus**") for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the "**Prospectus Directive**"). The Warrants shall constitute Securities for the purposes of the Conditions. This document constitutes the Final Terms of the Warrants described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Base Prospectus. Full information on the Issuer, the Guarantor and the offer of the Warrants is only available on the basis of the combination of these Final Terms and the Base Prospectus. Copies of the Base

Prospectus are available from the offices of Morgan Stanley & Co. International plc at 25 Cabot Square, Canary Wharf, London E14 4QA.

### **Information Concerning Investment Risk**

**Warrantholders and prospective purchasers of Warrants should ensure that they understand the nature of the Warrants and the extent of their exposure to risk and that they consider the suitability of the Warrants as an investment in the light of their own circumstances and financial condition. The amount payable on redemption of the Warrants is linked to the performance of the Underlying Index (as defined herein). Given the highly specialised nature of these Warrants, Morgan Stanley B.V. (the "Issuer"), Morgan Stanley (the "Guarantor") and Morgan Stanley & Co. International plc ("MSI plc") consider that they are only suitable for sophisticated investors who are able to determine for themselves the risk of an investment linked to the Underlying Index (as defined hereafter) and are willing to take risks and can absorb the partial or complete loss of their initial investment.**

**Consequently, if you are not an investor who falls within the description above you should not consider purchasing these Warrants without taking detailed advice from a specialised professional adviser.**

**Potential investors are urged to consult with their legal, regulatory, investment, accounting, tax and other advisors with regard to any proposed or actual investment in these Warrants.**

**Please see the Base Prospectus for a full detailed description of the Warrants and in particular, please review the Risk Factors associated with these Warrants. Investing in the Warrants entails certain risks including, but not limited to, the following:**

**Adjustments:** The terms and conditions of the Warrants will allow the Determination Agent to make adjustments or take any other appropriate action if circumstances occur where the Warrants or any exchanges are affected by market disruption, corporate events or circumstances affecting normal activities.

**Adjustment and Discontinuation Risk:** The sponsor of the Underlying Indices can add, delete or substitute stocks constituting the Underlying Indices or make other methodological changes that could change the value of the Underlying Indices without regard to the interests of holders of the Warrants. Any of these decisions/determinations may adversely affect the value of the Warrants and may result in the investor receiving a return that is materially different from that he/she would have received if the event had not occurred.

**Credit Risk:** The holder of the Warrants will be exposed to the credit risk of the Issuer and the Guarantor.

**Exit Risk:** The principal amount is not protected. Investors run the risk that they may not receive their initially invested amount. The secondary market price of the Warrants will depend on many factors, including the value and volatility of the Underlying Indices, interest rates, the dividend rate on the Underlying Indices, time remaining to maturity and the creditworthiness of the Issuer and the Guarantor. The secondary market price may be lower than the market value of the issued Securities as at the Issue Date to take into account amounts paid distributors and other intermediaries relating to the issue and sale of the Warrants as well as amounts relating to the hedging of the Issuer's obligations. As a result of all of these factors, the holder may receive an amount in the secondary market which may be less than the then intrinsic market value of the Warrant and which may also be less than the amount the holder would have received had the holder held the Warrant through to maturity.

**Hedging Risk:** On or prior to and after the Trade Date, the Issuer, through its affiliates or others, will likely hedge its anticipated exposure under the Warrants by taking positions, in option contracts on the Underlying Indices or positions in any other available securities or instruments.

**Liquidity Risk:** Any secondary market in the Warrants made by the Dealer will be made on a reasonable efforts basis only and subject to market conditions, law, regulation and internal policy. Even whilst there may be a secondary market in the Warrants it may not be liquid enough to

facilitate a sale by the holder.

**Market Risk:** The Dealer will make a secondary market in the Warrants on a reasonable efforts basis only and subject to market conditions, law, regulation and internal policy. The liquidity of the Warrants reflects the liquidity of the Underlying Index and even whilst there may be a secondary market in the Warrants it may not be liquid enough to facilitate a sale by the holder.

**Potential Conflict of Interest:** The Determination Agent (MSI plc) is an affiliate of the Issuer and the economic interests of the Determination Agent may be adverse to the interests of holders of the Warrants. Determinations made by the Determination Agent may affect the amount payable to holders pursuant to the terms of the Warrants.

**Underlying Sponsor Risk:** The sponsor of the Underlying Index is not an affiliate of the Issuer or its affiliates and is not involved with this offering in any way. Consequently, the Issuer and the Determination Agent have no ability to control the actions of the sponsors of the Underlying Indices, including any rebalancing that could trigger an adjustment to the terms of the Warrants by the Determination Agent.

**Other considerations:** The original issue price of the Warrants includes the agent's commissions paid with respect to the Warrants and the cost of hedging the Issuer's obligations under the Warrants. The cost of hedging includes the projected profit that the Issuer's subsidiaries may realize in consideration for assuming the risks inherent in managing the hedging transactions. The subsidiaries through which the Issuer hedges its obligations under the Warrants expect to make a profit. Since hedging the Issuer's obligations entails risk and may be influenced by market forces beyond the control of the Issuer or its subsidiaries, such hedging may result in a profit that is more or less than initially projected, or could result in a loss.

Assuming no change in market conditions or any other relevant factors, the price, if any, at which MSI plc is willing to purchase Warrants in secondary market transactions will likely be lower than the original issue price, since the original issue price includes, and secondary market prices are likely to exclude, commissions paid with respect to the Warrants as well as the projected profit included in the cost of hedging the Issuer's obligations under the Warrants. In addition, any such prices may differ from values determined by pricing models used by MSI plc, as a result of dealer discounts, mark-ups or other transaction costs.

In purchasing any Warrants, purchasers will be deemed to represent and undertake to the Issuer, the Dealer and each of their affiliates that (i) such purchaser understands the risks and potential consequences associated with the purchase of the Warrants, (ii) that such purchaser has consulted with its own legal, regulatory, investment, accounting, tax and other advisers to extent it believes is appropriate to assist it in understanding and evaluating the risks involved in, and the consequences of, purchasing the Warrants and (iii) in accordance with the terms set out in Annex 2.

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 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.

#### **General**

- |    |   |   |
|----|---|---|
| 1. | Issuer:                                     | Morgan Stanley B.V.   |
| 2. | Guarantor:                                  | Morgan Stanley  |
| 3. | Aggregate Number of Warrants in the Series: | Up to 500 Warrants – the final number of Warrants will be communicated by the Issuer after the end of the |

#### Subscription Period

4. Aggregate Number of Warrants in the Tranche: Up to 500 Warrants – the final number of Warrants will be communicated by the Issuer after the end of the Offer Period
5. Issue Date: 11 May 2011
6. Issue Price: SEK 17,000 per Warrant
7. Form of Warrants: Registered Warrants
8. Warrant Style: (*Condition 4*) European Style Warrants
9. Type: The Warrants are Index Warrants

(i) Index/Indices:

	Index	Bloomberg Code	Currency
	The South-East Europe Traded Index (EUR)	SETXEUR Index	EUR

#### The “Underlying Index”

- (ii) Exchange(s): Multi-exchange Index
- (iii) Related Exchange(s): All Exchanges
- (iv) Exchange Business Day: As set out in the Conditions
10. Minimum Transfer Amount: One Warrant  
(*Condition 2.3*)

#### Exercise

11. Expiration Date: 25 April 2014
12. Latest Exercise Time: 10:00 a.m. Brussels time (in the case of Euroclear Bank), or 10:00 a.m. Luxembourg time (in the case of Clearstream, Luxembourg)
13. Minimum Exercise Number: Not Applicable  
(*Condition 5.10*)
14. Permitted Multiple: Not Applicable  
(*Condition 5.10*)
15. Deemed Exercise: Applicable  
(*Condition 5.6*)

#### Issuer Call Option

16. Call Option: Not Applicable  
(Condition)

#### Settlement

17. Settlement Basis: The Warrants are Cash Settlement Warrants.

(Condition 4)

18. Cash Settlement Amount: For each warrant, calculated as follow on Expiration Date and payable on the Cash Settlement Payment Date, determined by the Determination Agent as follows: **Par \* Participation \* MAX (0, Index Performance)**,  
subject to a minimum redemption of 0%  
Where:  
“**Participation**” means a percentage which will be determined by the Determination Agent and which has indicatively been set at 100%, with a minimum of 75%;  
“**Par**” means SEK 100,000;  
“**Index Performance**” means an amount calculated as follows:  
$$\frac{\text{Underlying}_{\text{End}}^i - \text{Underlying}_{\text{Start}}^i}{\text{Underlying}_{\text{Start}}^i}$$
  
“**Underlying**<sub>End</sub><sup>i</sup>” means the arithmetic average of the closing levels of the Underlying Index on the Averaging Out Dates;  
“**Underlying**<sub>Start</sub><sup>i</sup>” means the arithmetic average of the closing level of the Underlying Index on the Averaging In Dates; and  
“**Strike Date**” means 27 April 2011.
19. Determination Date:  
(Condition 5.8.1) Expiration Date
20. Valuation Time: As per the Conditions
21. Valuation Date: Expiration Date, subject to adjustment if such date is not a Scheduled Trading Day or is a Disrupted Day, pursuant to Condition 7.1
22. Averaging In Dates: Means the 27 April 2011, 4 May 2011, 11 May 2011, 18 May 2011 and 25 May 2011. In total 5 observations subject to adjustment if such date is not a Scheduled Trading Day or is a Disrupted Day (Modified Postponement applies).
23. Averaging Out Dates: Means the 25 October 2013, 25 November 2013, 27 December 2013, 27 January 2014, 25 February 2014, 25 March 2014 and the Expiration Date. In total 7 observations subject to adjustment if such date is not a Scheduled Trading Day or is a Disrupted Day (Modified Postponement applies).
24. Settlement Currency: Swedish krona (“**SEK**”)
25. Cash Settlement Payment Date: 12 May 2014

**Additional details**

26. Determination Agent: Morgan Stanley & Co. International plc. The Determination Agent shall act as an expert and not as an agent for the Issuer or the Warrantholders. All determinations, considerations and decisions made by the Determination Agent shall, in the absence of manifest error, wilful default or bad faith, be final and conclusive and the Determination Agent shall have no liability in relation to such determinations except in the case of its wilful default or bad faith
27. Clearing Systems: The Securities are Swedish Securities
- Swedish Securities: Swedish CSD: Euroclear Sweden AB, Regeringsgatan 65, Box 7822, SE-103 97 Stockholm
- NCSD Issuing Agent: Skandinaviska Enskilda Banken AB, Kungstradgardsgatan 8, SE-106 40 Stockholm, Sweden
28. Non-exempt offer: An offer of the Warrants may be made other than pursuant to Article 3(2) of the Prospective Directive in Sweden (Public Offer Jurisdictions) during the period from 28 February 2011 until 8 April 2011 (Subscription Period).
29. U.S. Selling Restrictions: TEFRA not applicable
30. Additional Selling Restrictions: Not Applicable
31. **Governing Law:** English law

#### **LISTING AND ADMISSION TO TRADING APPLICATION**

These Final Terms comprise the final terms required to list and have admitted to trading the issue of Warrants described herein pursuant to the Program for the Issuance of Warrants and Certificates of Morgan Stanley B.V.

**RESPONSIBILITY**

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

Signed on behalf of the Issuer:

By: .....  
Duly authorised

## **PART B – OTHER INFORMATION**

### **1. LISTING**

Listing and admission to Trading: Application is expected to be made by the Issuer (or on its behalf) for the Warrants to be admitted to trading on the London Stock Exchange's Regulated Market and to be listed on the Official List of the FSA with effect from the Issue Date.

### **2. RATINGS**

Ratings: The Warrants have not been rated

### **3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER**

"Save as discussed in ["Subscription and Sale"], so far as the Issuer is aware, no person involved in the offer of the Securities has an interest material to the offer."

### **4. REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES**

- (i) Reasons for the offer: The net proceeds from the sale of Warrants will be used by the Issuer for general corporate purposes, in connection with hedging the Issuer's obligations under the Warrants, or both
- (ii) Estimated net proceeds: Up to SEK 8,500,000 - the Issuer shall confirm the final Notional Amount to be issued upon the closing of the Subscription Period

### **5. PERFORMANCE OF INDEX/FORMULA/OTHER VARIABLE, EXPLANATION OF EFFECT ON VALUE OF THE UNDERLYING OF WARRANTS AND ASSOCIATED RISKS AND OTHER INFORMATION CONCERNING THE UNDERLYING**

Past and future performance including the volatility of the Underlying Indices can be obtained from Bloomberg (SETXEUR Index)

### **6. OPERATIONAL INFORMATION**

ISIN Code: NL0009712595

Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking société anonyme and the relevant identification number(s): Euroclear Sweden  
Corporate Registration Number: 556112-8074  
Box 7822  
103 97 Stockholm  
Sweden

Delivery: Delivery free of payment

Names and addresses of initial Paying Agent(s): Skandinaviska Enskilda Banken AB  
Kungsträdgårdsgatan 8  
SE-106 40 Stockholm  
Sweden

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

### **7. OPERATIONAL INFORMATION**

Offer Price: Issue Price + additional subscription surcharge at the discretion of the Distributor of up to SEK 2,000

Conditions to which the offer is subject:	Offers of the Securities are conditional upon their issue
Description of the application process:	Not Applicable
Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants:	The Issuer has the right to terminate the Subscription Period at any time and not proceed with the issuance.
Details of the minimum and/or maximum amount of application:	Not Applicable
Details of the method and time limited for paying up and delivering the Securities:	The Securities will be issued on the Issue Date against payment to the Issuer of the net subscription moneys
Manner in and date on which results of the offer are to be made public:	The results of the offer will be communicated to the applicants by the Distributor
Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised:	Not Applicable
Categories of potential investors to which the Securities are offered and whether tranche(s) have been reserved for certain countries:	Not Applicable
Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made:	Not Applicable
Amount of any expenses and taxes specifically charged to the subscriber or purchaser:	Not Applicable
Name(s) and address(es), to the extent known to the Issuer, of the placers in the various countries where the offer takes place.	Distributor:  Strukturinvest (the “ <b>Distributor</b> ” at Stockholm, Sweden will be the sole placer of the Warrants to the Dealer.

## ANNEX 1

### STATEMENT REGARDING THE INDEX

The South-East Europe Traded Index (EUR) was developed and is real-time calculated and published by Wiener Börse AG. The abbreviation of the index is protected by copyright law as trademarks. The SETXEUR index description, rules and composition are available online on [www.indices.cc](http://www.indices.cc) - the index portal of Wiener Börse AG.

## ANNEX 2

***In purchasing any of the securities described in the Final Terms (the “Security”), and unless the purchaser has entered into a Distribution Agreement with the Dealer, in which case the provisions of such Distribution Agreement shall apply, purchasers will be deemed to represent and undertake to, and agree with, the Issuer, the Dealer and each of their affiliates in the following terms:***

- a) (i) you are purchasing the instruments as principal (and not as agent or in any other capacity); (ii) none of the Issuer, the Dealer or their affiliates is acting as a fiduciary or an advisor to it in respect of the instruments; (iii) you are not relying upon any representations made by the Issuer or any of its affiliates; (iv) you have consulted with your own legal, regulatory, tax, business, investments, financial, and accounting advisers to the extent that you have deemed necessary, and you have made your own investments, hedging and trading decisions based upon your own judgement and upon any advice from such advisors as you have deemed necessary and not upon any view expressed by the Issuer or any of its affiliates or agents and (v) you are purchasing the instruments with a full understanding of the terms, conditions and risks thereof and you are capable of and willing to assume those risks;
- b) you shall only distribute as principal or, alternatively, acting on a commission basis in your own name for the account of your investors and will not do so as agent for any Morgan Stanley entity (together “Morgan Stanley”) who shall assume no responsibility or liability whatsoever in relation to any such distribution. You shall distribute the product in your own name and to such customers as you identify in your own discretion, at your own risk and under your sole responsibility. You shall make such enquiries you deem relevant in order to satisfy yourself that prospective investors have the requisite capacity and authority to purchase the product and that the product is suitable for those investors;
- c) you shall not make any representation or offer any warranty to investors regarding the product, the Issuer or Morgan Stanley or make any use of the Issuer’s or Morgan Stanley’s name, brand or intellectual property which is not expressly authorised and you shall not represent you are acting as an agent of Morgan Stanley in such distribution. You acknowledge that neither the Issuer nor Morgan Stanley assume any responsibility or liability whatsoever in relation to any representation or warranty you make in breach hereof;
- d) if you distribute any material prepared and transmitted by the Issuer or by Morgan Stanley, you shall only distribute the entire material and not parts thereof. Any material you, or any third party you engage on your behalf, prepare shall be true and accurate in all material respects and consistent in all material respects with the content of the Base Prospectus and the Final Terms and shall not contain any omissions that would make them misleading. You shall only prepare and distribute such material in accordance with all applicable laws, regulations, codes, directives, orders and/or regulatory requirements, rules and guidance in force from time to time (“Regulations”). You acknowledge that neither the Issuer nor Morgan Stanley shall have any liability in respect of such material which shall, for the avoidance of doubt, at all times be your sole responsibility;
- e) you will not, directly or indirectly, distribute or arrange the distribution of the product or disseminate or publish (which for the avoidance of doubt will include the dissemination of any such materials or information via the internet) any materials or carry out any type of solicitation in connection with the product in any country or jurisdiction, except under circumstances that will result in compliance with all applicable Regulations and selling practices, and will not give rise to any liability for the Issuer or Morgan Stanley. For the avoidance of doubt, this includes compliance with the selling restrictions mentioned herein;
- f) if you receive any fee, rebate or discount, you shall not be in breach of any Regulation or customer or contractual requirements or obligations and you shall, where required to do so (whether by any applicable Regulation, contract, fiduciary obligation or otherwise), disclose such fees, rebates and discounts to your investors. You acknowledge that where fees are payable, or rebates or discounts applied, the Issuer and Morgan Stanley are obliged to disclose the amounts and/or basis of such fees, rebates or discounts at the request of any of your investors or where required by any applicable Regulations.

- g) you will be committed to purchase at the issue price stated in the term sheet (or at the price otherwise agreed between us) instruments, when issued, in the agreed quantity and having terms, as provided in the definitive documentation, consistent with those in this term sheet (subject to any modifications agreed between us);
- h) we may enter into hedging or other arrangements in reliance upon your commitment, and, if you fail to comply with your commitment, your liability to us shall include liability for our costs and losses in unwinding such hedging or other arrangements;
- i) you agree and undertake to indemnify and hold harmless and keep indemnified and held harmless the Issuer, the Dealer and each of their respective affiliates and their respective directors, officers and controlling persons from and against any and all losses, actions, claims, damages and liabilities (including without limitation any fines or penalties and any legal or other expenses incurred in connection with defending or investigating any such action or claim) caused directly or indirectly by you or any of your affiliates or agents to comply with any of the provisions set out in (a) to (i) above, or acting otherwise than as required or contemplated herein.
- j) You are not purchasing the Warrants as an extension of credit to Morgan Stanley pursuant to a loan agreement entered into in the ordinary course of your trade or business.