

Pricing Supplement dated 10 August 2018

Morgan Stanley B.V. as Issuer

Legal Entity Identifier (LEI): KG1FTTDCK4KNVM3OHB52

Issue of 5,000 Fund Linked Certificates due 2026 (the "Certificates" or the "Securities")

Guaranteed by Morgan Stanley

under the

Regulation S Program for the Issuance of Notes, Series A and B, Warrants and Certificates

The Offering Circular referred to below (as completed by this Pricing Supplement) has been prepared on the basis that any offer of the Securities in any Member State of the European Economic Area which has implemented the Prospectus Directive (2003/71/EC) (as amended, including by Directive 2010/73/EU) (together, the "Prospectus Directive") (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.

Warning: Neither this Pricing Supplement nor the Offering Circular referred to below constitutes a "prospectus" for the purposes of Article 5.4 of Directive 2003/71/EC (as amended, including by Directive 2010/73/EU, the "Prospectus Directive"), and the Pricing Supplement and the Offering Circular have been prepared on the basis that no prospectus shall be required under the Prospectus Directive in relation to any Securities be offered and sold under hereby.

THE CERTIFICATES ARE NOT DEPOSITS OR SAVINGS ACCOUNTS AND ARE NOT INSURED BY THE U.S. FEDERAL DEPOSIT INSURANCE CORPORATION OR ANY OTHER GOVERNMENTAL AGENCY OR INSTRUMENTALITY OR DEPOSIT PROTECTION SCHEME ANYWHERE, NOR ARE THEY OBLIGATIONS OF, OR GUARANTEED BY, A BANK.

PROHIBITION OF SALES TO EEA RETAIL INVESTORS:

IF THE PRICING SUPPLEMENT IN RESPECT OF ANY CERTIFICATES INCLUDES A LEGEND ENTITLED "PROHIBITION OF SALES TO EEA RETAIL INVESTORS", THE CERTIFICATES ARE NOT INTENDED TO BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO AND SHOULD NOT BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO ANY RETAIL INVESTOR IN THE EUROPEAN ECONOMIC AREA. FOR THESE PURPOSES, A RETAIL INVESTOR MEANS A PERSON WHO IS ONE (OR MORE) OF:

- (A) A RETAIL CLIENT AS DEFINED IN POINT (11) OF ARTICLE 4(1) OF DIRECTIVE 2014/65/EU, AS AMENDED ("MIFID II");
- (B) A CUSTOMER WITHIN THE MEANING OF DIRECTIVE 2002/92/EC, AS AMENDED, WHERE THAT CUSTOMER WOULD NOT QUALIFY AS A PROFESSIONAL CLIENT AS DEFINED IN POINT (10) OF ARTICLE 4(1) OF MIFID II; OR
- (C) NOT A QUALIFIED INVESTOR AS DEFINED IN DIRECTIVE 2003/71/EC, AS AMENDED.

CONSEQUENTLY, IF THE PRICING SUPPLEMENT IN RESPECT OF ANY CERTIFICATES INCLUDES A LEGEND ENTITLED "PROHIBITION OF SALES TO EEA RETAIL INVESTORS", NO KEY INFORMATION DOCUMENT REQUIRED BY REGULATION (EU) NO 1286/2014, AS AMENDED (THE

"PRIIPS REGULATION") FOR OFFERING OR SELLING THE CERTIFICATES OR OTHERWISE MAKING THEM AVAILABLE TO RETAIL INVESTORS IN THE EUROPEAN ECONOMIC AREA HAS BEEN OR WILL BE PREPARED AND THEREFORE OFFERING OR SELLING THE CERTIFICATES OR OTHERWISE MAKING THEM AVAILABLE TO ANY RETAIL INVESTOR IN THE EUROPEAN ECONOMIC AREA MAY BE UNLAWFUL UNDER THE PRIIPS REGULATION.

MIFID II PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ECPS ONLY TARGET MARKET:

SOLELY FOR THE PURPOSES OF THE MANUFACTURER'S PRODUCT APPROVAL PROCESS, THE TARGET MARKET ASSESSMENT IN RESPECT OF THE CERTIFICATES HAS LED TO THE CONCLUSION THAT:

- (A) THE TARGET MARKET FOR THE CERTIFICATES IS ELIGIBLE COUNTERPARTIES AND PROFESSIONAL CLIENTS ONLY, EACH AS DEFINED IN MIFID II; AND
- (B) ALL CHANNELS FOR DISTRIBUTION OF THE CERTIFICATES TO ELIGIBLE COUNTERPARTIES AND PROFESSIONAL CLIENTS ARE APPROPRIATE.

ANY PERSON SUBSEQUENTLY OFFERING, SELLING OR RECOMMENDING THE CERTIFICATES (A "**DISTRIBUTOR**") SHOULD TAKE INTO CONSIDERATION THE MANUFACTURER'S TARGET MARKET ASSESSMENT; HOWEVER, A DISTRIBUTOR SUBJECT TO MIFID II IS RESPONSIBLE FOR UNDERTAKING ITS OWN TARGET MARKET ASSESSMENT IN RESPECT OF THE CERTIFICATES (BY EITHER ADOPTING OR REFINING THE MANUFACTURER'S TARGET MARKET ASSESSMENT) AND DETERMINING APPROPRIATE DISTRIBUTION CHANNELS.

PART A – CONTRACTUAL TERMS

THE CERTIFICATES DESCRIBED HEREIN AND ANY GUARANTEE IN RESPECT THEREOF, AND THE SECURITIES TO BE DELIVERED ON EXERCISE OR REDEMPTION OF THE CERTIFICATES (IF ANY), 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 OR OTHER JURISDICTION OF THE UNITED STATES. NEITHER THE ISSUER NOR THE GUARANTOR IS REGISTERED, OR WILL REGISTER UNDER THE U.S. INVESTMENT COMPANY ACT OF 1940, AS AMENDED. TRADING IN THE CERTIFICATES HAS NOT BEEN APPROVED BY THE U.S. COMMODITY FUTURES TRADING COMMISSION UNDER THE U.S. COMMODITY EXCHANGE ACT OF 1936, AS AMENDED.

THE CERTIFICATES DESCRIBED HEREIN, ANY INTEREST THEREIN, ANY GUARANTEE IN RESPECT THEREOF, AND THE SECURITIES TO BE DELIVERED ON THE EXERCISE OR REDEMPTION OF THE CERTIFICATES (IF ANY) MAY NOT BE OFFERED, SOLD, PLEDGED, ASSIGNED, DELIVERED OR OTHERWISE TRANSFERRED, EXERCISED OR REDEEMED 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 REGULATIONS UNDER THE SECURITIES ACT). HEDGING TRANSACTIONS INVOLVING ANY "EQUITY SECURITIES" OF "DOMESTIC ISSUERS" (AS SUCH TERMS ARE DEFINED IN THE SECURITIES ACT AND REGULATIONS THEREUNDER) MAY ONLY BE CONDUCTED IN ACCORDANCE WITH THE SECURITIES ACT. SEE "*SUBSCRIPTION AND SALE*" AND "*NO OWNERSHIP BY U.S. PERSONS*" IN THE ACCOMPANYING OFFERING CIRCULAR DATED 29 JUNE 2018. IN PURCHASING THE CERTIFICATES, 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 ON BEHALF OF, OR FOR THE ACCOUNT OR BENEFIT OF, ANY SUCH PERSON.

THE CERTIFICATES ARE NOT RATED.

This document constitutes the Pricing Supplement relating to the issue of the Certificates described herein. This Pricing Supplement must be read in conjunction with the Offering Circular dated 29 June 2018 (the "**Offering Circular**"). Full information on the Issuer, the Guarantor and the offer of the Certificates is only available on the basis of the combination of this Pricing Supplement and the Offering Circular. Copies of the Offering Circular are available from the offices of Morgan Stanley & Co. International plc at 25 Cabot Square, Canary Wharf, London, E14 4QA. The Offering Circular has also been published on the website of Euronext Dublin (www.ise.ie).

Information Concerning Investment Risk

Potential investors should be aware that the Certificate creates an option exercisable by the Securityholder and that in the absence of such exercise, there is no obligation upon the Issuer to indemnify such Securityholder.

Information Concerning Investment Risk

Securityholders and prospective purchasers of Certificate should ensure that they understand the nature of the Certificate and the extent of their exposure to risk and that they consider the suitability of the Certificate as an investment in the light of their own circumstances and financial condition. The amount payable on settlement of the Certificate is linked to the performance of the Underlying (as defined herein), and may be less than par. Given the highly specialised nature of these Certificate, Morgan Stanley B.V. (the "Issuer"), and Morgan Stanley & Co. International plc ("MSI plc") consider that they are only suitable for highly sophisticated investors who are able to determine for themselves the risk of an investment linked to the Underlying, are willing to take risks and can absorb the partial loss of their initial investment. Consequently, if you are not an investor who falls within the description above you should not consider purchasing these Certificate 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 Certificate. Please see the Offering Circular together with the Pricing Supplement for a full detailed description of the Certificate and in particular, please review the Risk Factors associated with these Certificate. Investing in the Certificate entails certain risks including, but not limited to, the following:

Adjustments by the Determination Agent: The terms and conditions of the Certificate. will allow the Determination Agent to make adjustments or take any other appropriate action if circumstances occur where the Certificate. or any exchanges are affected by market disruption, adjustment events or circumstances affecting normal activities. These circumstances include the Nationalisation, Delisting, Insolvency or a Takeover or Merger of the share issuers of the Underlying.

In addition, other circumstances may occur which either increase the liability of the Issuer fulfilling its obligations under the Certificate. or increase the liability of any hedging activities related to such obligations, including without limitation the adoption of or any change in any tax law relating to a common system of financial transaction tax in the European Union or otherwise.

In such circumstances, the Determination Agent can in its sole and reasonable discretion determine whether to redeem the Certificate early, or adjust the terms of the Certificate., which may include without limitation adjustments to the Initial Reference Price, the Final Redemption Amount or the Underlying.

Potential investors should see the Offering Circular for a detailed description of potential adjustment events and adjustments.

Product Market Risk: The value of the Certificate and the returns available under the terms of the Certificate will be influenced and dependent on the value of the Underlying. It is impossible to predict how the level of the Underlying will vary over time. The historical performance (if any) of the Underlying is not indicative of its future performance.

Credit Risk: Investors are exposed to the credit risk of the Issuer and/or Guarantor. The Certificate are essentially a loan to the Issuer with a repayment amount linked to the performance of the Underlying that the Issuer promises to pay at maturity and that the Guarantor promises to pay if the Issuer fails to do so. There is the risk, however, that the Issuer and the Guarantor may not be able to fulfil their obligations, irrespective of whether the Certificate are referred to as capital or principal protected. Investors may lose all or part of their investment if the Issuer and the Guarantor are unable to pay the coupons (if any) or the redemption amount. No assets of the Issuer and/or Guarantor are segregated and specifically set aside in order to pay the holders of the Certificate in the event of liquidation of the Issuer and/or Guarantor, and the holders of the Certificate will rank behind secured or preferred creditors.

Capital is not protected: the cash settlement amount depends on the performance of the Underlying and could be zero.

Fund Risk: The Certificates have exposure to the Underlying Fund. Certificateholders and prospective purchasers of the Certificates should conduct their own investigations and, in deciding whether or not to purchase the Certificates, prospective purchasers should form their own views of the merits of an investment related to the funds based upon such investigations and not in reliance on any information given in this term sheet. The Issuer and its affiliates are independent of the fund managers and service providers, therefore Morgan Stanley has no control over the action of the fund managers and service providers. Investors may be exposed to the risk of disruption caused by these parties.

Underlying Manager Risk: The fund manager of the Underlying 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 fund manager of the Underlying, including any rebalancing that could trigger an adjustment to the terms of the Certificates by the Determination Agent.

Please note the following risk factors that are highlighted in the fund document, though the following are not exhaustive:

- The Fund is exposed to significant risks which include investment/general market, creditworthiness and interest rate changes risks.
- The Fund may invest in high-yield, non-investment grade investments and unrated securities which may be subject to higher risks, such as credit, default, interest rate changes, general market, and liquidity risks and therefore may increase the risk of loss of original investment.

- The Fund may invest in financial derivative instruments ("FDI") for efficient portfolio management (including for hedging) which may expose to higher counterparty, liquidity and market risks. The Fund will not invest extensively in FDI for investment purpose.
- Dividend payments may, at the sole discretion of the Investment Manager, be made out of the Fund's income and/or capital which represent a return or withdrawal of part of the amount investors originally invested and/or capital gains attributable to the original investment. This may result in an immediate decrease of the NAV and the capital of the Fund available for investment in the future and capital growth may be reduced.
- This investment may involve risks that could result in loss of part or entire amount of investors' investment.
- In making investment decisions, investors should not rely solely on this material.

Risk of Leveraging Feature: The return on the Certificates has a leveraging feature whereby any positive or negative performance of the Underlying Fund will be leveraged 1.5 times. Accordingly, the overall potential return or loss on the Certificates is greater than if no leverage is applied. In particular, investors should note that if the Underlying Fund performs poorly during the tenor of the Certificate, the leveraging feature will mean that the Cash Settlement Amount will be reduced by a greater amount than the fall in value of the Underlying Fund. In addition, the market value of the Certificates is more volatile than if leverage did not apply and, as a result, investors should be aware that changes in the market value of the Underlying Fund will result in a magnified change in the market value of the Certificates.

Leverage Risk: Borrowing capital to fund the purchase of the Certificates (leveraging) can significantly increase the risks of the investment such that if the value of the Certificates decreases on a mark to market basis, leveraging will magnify that decrease in value.

Any statement on the potential risks and return on the Certificates does not take into account the effect of any leveraging. Investors must factor in and consider the potential impact of, amongst other things, the cost of funding and possibility of margin calls due to a decrease in the daily mark to market value of the Certificates prior to their expiry.

Investors considering borrowing capital to leverage their investment in the Certificates should obtain further detailed information as to the applicable risks from their lender.

Exit Risk: Any secondary market price of the Certificate will depend on many factors, including the value and volatility of the Underlying(s), interest rates, the dividend rate on the stocks that compose the Underlying, time remaining to expiration and the creditworthiness of the Issuer. The secondary market price may be lower than the market value of the issued Certificate as at the Issue Date to take into account amounts paid distributors and other intermediaries relating to the issue and sale of the Certificate 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 Certificate and which may also be less than the amount the holder would have received had the holder held the Certificate through to expiration.

Liquidity Risk: The Certificate will not be traded on an organized exchange. Any secondary market in the Certificate 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 Certificate it may not be liquid enough to facilitate a sale by the holder.

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 Certificate by taking positions in the Underlying, in option contracts on the Underlying or positions in any other available securities or instruments. In addition, the Issuer and its affiliates trade the Underlying as part of their general businesses. Any of these activities could potentially affect the value of the Underlying, and accordingly, could affect the pay-out to holders on the Certificate.

No Shareholder Rights: A holder of Certificate will have no beneficial interest in the stocks that compose the relevant Underlying nor any voting rights and will not have the right to receive dividends or other distributions with respect to the stocks that compose the Underlying.

Potential Conflict of Interest: The Determination Agent, which is an affiliate of the Issuer, will determine the pay-out to the investor at expiration. Morgan Stanley & Co. International plc and its affiliates may trade the Underlying on a regular basis as part of its general broker-dealer business and may also carry out hedging activities in relation to the Certificate. Any of these activities could influence the Determination Agent's determination of adjustments made to any Certificate and any such trading activity could potentially affect the price of the Underlying and, accordingly, could affect the investor's pay-out on any Certificate.

Underlying Issuer Risk: The issuer of the relevant Underlying 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 issuer of the relevant Underlying, including and rebalancing that could trigger an adjustment to the terms of the Certificate by the Determination Agent.

In purchasing any Certificate, 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 Certificate, (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 Certificate and (iii) in accordance with the terms set out in Annex 1.

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.

GENERAL

1. (i) Issuer: Morgan Stanley B.V.
- (ii) Guarantor: Morgan Stanley
- (i) Series Number: W1364
- (ii) Tranche Number: 1
- 2.
3. (i) Aggregate Nominal Amount of 5,000,000 Securities in the Series:
- (ii) Aggregate Nominal Amount of 5,000,000 Securities in the Tranche:
4. Settlement Currency: Euro ("EUR")
5. Minimum Trading: Not Applicable
6. Issue Date: 10 August 2018
7. Issue Price: 100 per cent of Notional Amount (as defined below) of each Certificate
8. Form of Securities: Registered Securities:

Global Registered Security registered in the name of a nominee for a common depository for Euroclear and Clearstream, Luxembourg, exchangeable for Individual Registered Securities on the expiry of 30 days' notice period in the limited circumstances described in the Global

Registered Security

9. Security Style: American Style Securities

(Condition 5)

(i) Exercise Period:

The Certificateholder shall have the right to exercise the Certificates at any time on a Business Day starting from the Issue Date to and including the Expiration Date at the Early Termination Cash Settlement Amount by submitting a duly completed notice of exercise (a "**Holder Early Exercise**"). Note the valuation of the Early Termination Cash Settlement Amount shall occur on the immediately succeeding Friday.

Where:

"**Early Termination Cash Settlement Amount**" means:

Notional Amount x DB_t

"**Notional Amount**" means EUR 1,000; and

"**DB_t**" means as defined at item 15(xv) below.

For the avoidance of doubt, the Early Cash Settlement Amount shall be paid upon thirty five (35) Business days after such Potential Exercise Date.

(ii) Potential Exercise Dates:

The Business Day the Certificateholder submits a duly completed notice of exercise.

(iii) Commencement Date:

Issue Date

10. Equity-Linked Settlement Provisions: Not Applicable

(Condition 9)

(A) Single Share Securities/Share Basket Not Applicable Securities:

11. Commodity-Linked Settlement Provisions Not Applicable

(Condition 10)

12. Currency-Linked Settlement Provisions Not Applicable

(Condition 11)

13. Inflation-Linked Settlement Provisions Not Applicable

(Condition 12)

14. Property-Linked Redemption Provisions Not Applicable

(Condition 13)

15.	Fund-Linked Redemption Provisions (Condition 14)	Applicable
	(i) Fund:	Alkimis Capital Ucits – I Bloomberg code: ALKCUTS (ISIN: IT0005163743) (the “Underlying Fund”)
	(ii) Fund Interest:	Units
	(iii) Fund Interest Unit:	Not Applicable
	(iv) Basket of Funds:	Not Applicable
	(v) Company:	Not Applicable
	(vi) Fund Business Day:	Each day that the Underlying Fund is valued
	(vii) Price source for Fund:	https://www.bloomberg.com/quote/ALKCUTS:IM
	(viii) Type of Fund:	UCITS
	(ix) Fund Administrator:	Alkimis SGR S.p.A.
	(x) Fund Adviser:	Alkimis SGR S.p.A.
	(xi) Fund Custodian:	Not Applicable
	(xii) Additional Fund Service Provider	Not Applicable
	(xiii) Additional Fund Documents:	Prospectus
	(xiv) Determination Agent responsible for calculating the Cash Settlement Amount:	Morgan Stanley & Co. International plc
	(xv) Provisions for determining Cash Settlement Amount:	Unless previously redeemed or purchased and cancelled by the Issuer prior to the Valuation Date, an amount per Certificate, equal to the following in the Settlement Currency:

Notional Amount \times DB_{Final}

Where:

“ DB_{Final} ” is the Underlying Basket Level in respect of the Valuation Date; provided that if such date is not a Scheduled Redemption Valuation Date, the Calculation Agent shall determine the value for the Net Asset Value per share in order to determine the Underlying Basket Level in respect of such date in good faith and commercially reasonable manner;

“Underlying Basket Level (“ DB_t ”)” means, in respect of a Business Day (t), the Underlying Basket Level determined by the Calculation Agent according to the following formula:

(i) in respect of the Issue Date, the Underlying Basket Level (“ DB_0 ”) shall be equal to

100%;

(ii) thereafter, in respect of each Business Day (t) from, and excluding, the Issue Date to, and including, the Valuation Date, DB_t shall be determined by the Calculation Agent as an amount equal to:

$$DB_t = DB_k \times \max \left[PF \times \frac{Fund_t}{Fund_k} - (PF - 1) \times Cost, 0 \right]$$

" DB_k " means the Underlying Basket Level on Rebalancing Date (k);

" PF " is equal to 150%;

" $Fund_t$ " means, in respect of a Business Day (t), the official closing Net Asset Value of the Underlying Fund on such day;

" $Fund_k$ " means the official closing Net Asset Value of the Underlying Fund on Rebalancing Date (k);

"**Business Day (t)**" means the "t"th Fund Business Day after the Issue Date.

"**Net Asset Value**" means in respect of the Underlying Fund and a Fund Business Day, the net asset value per unit of the Underlying Fund in respect of such Fund Business Day as calculated and published by the Underlying Fund (or any party acting on its behalf);

"**Cost**" means an amount equal to the following:

$$\frac{Cash_t}{Cash_k} \times \left(1 + Financing\ Cost \times \frac{n_{k,t}}{360} \right)$$

" $Cash_t$ " means, in respect of a Business Day (t), the Cash Asset Level on such day;

" $Cash_k$ " means the Cash Asset Level on Rebalancing Date (k);

"**Financing Cost**" is equal to 0.9%;

" $n_{k,t}$ " means, in respect of a Business Day (t), an amount equal to the actual number of calendar days from, but excluding, Rebalancing Date (k) to, and including, such Business Day (t);

"**Rebalancing Date (k)**" means, in respect of a Business Day (t), the Rebalancing Date immediately preceding such Business Day (t);

"**Rebalancing Date**" means, (i) the Issue Date and (ii) the Fund Business Day immediately following each Deleveraging Event Observation Date;

"Deleveraging Event" means where the Calculation Agent will determine that a Deleveraging Event has occurred on Business Day (t) (such Business Day (t), the **"Deleveraging Event Observation Date"**) if the following event has occurred:

$$\frac{Fund_t}{Fund_k} * 100\% \leq 85\%$$

"Fund_t" means, in respect of a Business Day (t), the official closing Net Asset Value of the Underlying Fund on such day;

"Fund_k" means, in respect of a Business Day (t), the official closing Net Asset Value of the Underlying Fund on the Rebalancing Date (k) immediately preceding such Business Day (t);

"Business Day (t)" means the "t"th Fund Business Day after the Issue Date;

"Fund Business Day" means each day on which the Underlying Fund (or, in each case, any entity acting on its behalf) is scheduled to publish its Net Asset Value

"Cash Asset Level" means, in respect of a Business Day (t), an amount equal to the following formula:

$$Cash_t = Cash_{t-1} \times \left(1 + Rate_{t-1} \times \frac{n_{t-1,t}}{360} \right)$$

"Cash_{t-1}" means, in respect of a Business Day (t), the Cash Asset Level on the Underlying Fund;

"Rate_{t-1}" means, in respect of a Business Day (t), the 3 months EUR-LIBOR-BBA for the Fund Business Day immediately preceding such Business Day (t);

"n_{t-1,t}" means, in respect of Business Day (t), an amount equal to the actual number of calendar days from and including Business Day (t-1) to and excluding Business Day;

"3 months EUR-LIBOR-BBA" means, in respect of a Business Day (t), the rate for deposits in EUR for a period of 3 months which appears on the Reuters Screen LIBOR01 Page as of 11:00 a.m., London time, on the day that is two London Banking Days preceding that Business Day (t). If such rate does not appear on the Reuters Screen LIBOR01 Page, the rate shall be determined by the Calculation Agent in good faith and in a commercially reasonable manner; and

"London Banking Day" means any day, other than a Saturday or a Sunday, that is neither a legal holiday nor a day on which banking institutions are authorised or required by law or regulation to close in London.

(t).

(xvi) Cut-off Period: (Condition 14.1)	Not Applicable
(xvii) Final Cut-off Date: (Condition 14.1)	Not Applicable
(xviii) Valuation Date(s): (Condition 14.1)	Condition 14.1 applies, other than in respect of Condition 14.1(b) (Adjustments for Disrupted Days) which shall be deleted in its entirety and replaced with the following wording: "(b) If any Valuation Date is a Disrupted Day, such date shall be deemed to be the Valuation Date, notwithstanding the fact that such day is a Disrupted Day, and the Calculation Agent shall determine its good faith estimate of the value for the Fund Interest as of the Valuation Time on that deemed Valuation Date. In addition, the Determination Agent will account for such occurrence or continuance of a Disrupted Day as it sees fit which may include but is not limited to delaying calculation and payment of the Cash Settlement Amount and/or any other amounts payable under the Certificates, and no interest or other amount shall be payable to Certificateholders in respect of any such delay, or making the appropriate adjustment to the calculation of the Cash Settlement Amount and/or any such other amounts, all in the determination of the Determination Agent."
(xix) Valuation Time:	As per the Conditions
(xx) Averaging Date: (Condition 14.1)	Not Applicable
(xxi) Settlement Determination Period: (Condition 14.2(a))	Condition 14.2(a) applies
(xxii) Scheduled Fund Valuation Date(s):	Condition 14.7 applies
(xxiii) Extraordinary Dividend: (Condition 14.7)	Condition 14.7 applies
(xxiv) Adjustment Determination Period: (Condition 14.4):	Condition 14.4 applies

(xxv) Fund Interest Performance:	Not Applicable
(xxvi) Fund Subscription Date:	Not Applicable
(xxvii) Hypothetical Investor:	Not Applicable
(xxviii) Hypothetical Investor Jurisdiction:	Not Applicable
(xxix) Scheduled Redemption Payment Date:	14 August 2026
(xxx) Subscription Notice Date:	Not Applicable
(xxxi) Redemption Notice Date:	Not Applicable
(xxxii) Reference Price:	Not Applicable
(xxxiii) Relevant Fund Interest Unit Price:	Not Applicable
(xxxiv) Eligible Fund Interest:	Not Applicable
(Condition 14.5)	
(xxxv) Fund Event(s): (Condition 14.5)	Nationalisation, Insolvency Event, NAV Trigger/Restriction Event, Aggregate NAV Trigger Event, Changes to Fund or Fund Service Providers, Fund Modification, Strategy Breach, Breach by Fund Service Provider, General Regulatory Event, Reporting Disruption, Compulsory Redemption or Assignment, Closure to Subscriptions, Disposals, Hedging Disruption, Fraud, Special Regulatory Event, Force Majeure Event and Value Limitation
(a) NAV Trigger Percentage:	Not Applicable
(b) NAV Trigger Period:	Not Applicable
(c) Aggregate NAV Trigger Value:	Not Applicable
(d) Aggregate NAV Trigger Period:	Not Applicable
(xxxvi) NAV Source:	Not Applicable
(xxxvii) Additional Fund Event(s):	Not Applicable
(xxxviii) Business Day Convention:	Following Business Day Convention
(xxxix) Additional Business Centre(s):	Not Applicable
(xxxx) Other terms:	Distribution Amount: A payment in the Settlement Currency will be made to each Certificateholder on the relevant Distribution Date if the Calculation Agent determines that a Hypothetical Investor would have received some cash dividends or some other form of cash distribution in respect of the Underlying Fund, calculated by the Calculation Agent in its sole and absolute discretion as an amount per Certificate equal to the product of:

a) the relevant dividend or distribution per unit of the Underlying Fund that the Hypothetical Investor would have received (which, for the avoidance of doubt, will be net of any taxes, costs, fees, hold-backs or other deductions incurred by such Hypothetical Investor) in respect of such distribution by the Underlying Fund as announced by the Fund Management Company on the relevant record date (the "Record Date"); and

b) the Number of Applicable Fund Units

Where:

"Distribution Date" means, in respect of a Record Date, the day falling on the third London Business Day following the day on which the Hypothetical Investor would have received actual cash payment of any dividend or distribution as announced on such Record Date;

"Hypothetical Investor" means, in respect of the Underlying Fund, a hypothetical investor in the units of such Underlying Fund assuming such investor is a broker dealer incorporated in England;

"Fund Management Company" means Alkimis SGR S.p.A.;

"Number of Applicable Fund Units" means an amount equal to the following formula:

$$Reference\ Amount \times DB_k \times PF \times \frac{1}{Fund_k}$$

"DB_k" means, in respect of a Record Date, the Underlying Basket Level on the Rebalancing Date (k) which occurs on or immediately preceding such Record Date; and

"Fund_k" means, in respect of a Record Date, the official closing Net Asset Value of the Underlying Fund on the Rebalancing Date (k) which occurs on or immediately preceding such Record Date.

16. Bond-Linked Settlement Provisions
(Condition 15) Not Applicable

EXERCISE

17. Expiration Date: 14 August 2026

18. 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)

19. Minimum Exercise Number: Not Applicable
(Condition 6.9)

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|-----|--|----------------|
| 20. | Permitted Multiple:
(Condition 6.9) | Not Applicable |
| 21. | Deemed Exercise:
(Condition 6.6) | Applicable |

PROVISIONS RELATING TO SETTLEMENT

- | | | |
|-----|---|--|
| 22. | Call Option
(Condition 7) | 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) |
| 23. | Autocallable Early Settlement
(Condition 17) | Not Applicable |
| 24. | Settlement Basis:
(Condition 5) | The Securities are Cash Settlement Securities. |
| 26. | Cash Settlement Securities: | Applicable |
| 27. | Strike Price: | Not Applicable |
| 28. | Settlement Price: | Not Applicable |
| 29. | Valuation Time: | As per the Conditions |
| 30. | Valuation Date: | 7 August 2026 |
| 31. | Averaging Dates: | Not Applicable |
| 32. | Observation Date(s): | Not Applicable |
| 33. | Strike Date: | 10 August 2018 |
| 34. | Cash Settlement Payment Date: | 14 August 2026 |

GENERAL PROVISIONS APPLICABLE TO THE SECURITIES

- | | | |
|-----|--|--|
| 35. | Record Date: | The Record Date is one Clearing System Business Day before the relevant due date for payment |
| 36. | Determination Agent: | Morgan Stanley & Co. International plc |
| 37. | Clearing System | As defined in the Conditions

Euroclear and Clearstream, Luxembourg |
| 38. | Minimum Transfer Amount: | Not Applicable |
| 39. | Inconvertibility Event Provisions:
(Condition 18) | Not Applicable |
| 40. | Illegality and Regulatory Event:
(Condition 24) | |
| | Early Settlement Amount (Illegality and Regulatory Event): | Early Settlement Amount (Illegality and Regulatory Event) – Fair Market Value Less Costs |

- | | | |
|-----|--|---|
| | Early Settlement Amount payable upon an event described in Condition 9.2(b)/9.4(a)(iii)/9.4(b)(iii)/9.5(c)/9.6(c)/9.7(c)/9.8(c)/10.7(c)/11.5(c)/12.6(c)/13.5/13.6(c)/14.5(d)/15.3(c)/16.2(a)/20.1(a) | Fair Market Value Less Costs |
| 41. | CNY Center: | Not Applicable |
| 42. | Implementation of Financial Transaction Tax: | Applicable |
| 43. | Early Settlement Amount upon Event of Default: | Qualified Financial Institution Determination |
| 44. | Other special terms and conditions: | Business Day for payment purposes: TARGET |

DISTRIBUTION

- | | | |
|-----|---|---|
| 45. | (i) If syndicated, names and addresses of Managers and underwriting commitments (and names and addresses of the entities agreeing to place the issue without a firm commitment or on a "best efforts" basis if such entities are not the same as the Managers.) | Not Applicable |
| | (ii) Date of Subscription Agreement: | Not Applicable |
| | (iii) Stabilising Manager(s) (<i>if any</i>): | Not Applicable |
| 46. | If non-syndicated, name and address of Dealer: | Morgan Stanley & Co. International plc
25 Cabot Square, London E14 2QA |
| 47. | U.S. Selling Restrictions: | Regulation S |
| 48. | Additional selling restrictions: | Not Applicable |

TAXATION

This discussion is limited to the U.S. federal tax issues addressed below. Additional issues may exist that are not addressed in this discussion and that could affect the federal tax treatment of an investment in the Certificates. Holders should seek their own advice based upon their particular circumstances from an independent tax advisor.

A Non-U.S. Holder (as defined in the Offering Circular) should review carefully the section entitled "United States Federal Taxation" in the Offering Circular.

PURPOSE OF PRICING SUPPLEMENT

This Pricing Supplement comprises the pricing supplement required to list and have admitted to trading on the Global Exchange Market of Euronext Dublin for the issue of the Securities described herein pursuant to the Regulation S Program for the Issuance of Notes, Series A and B, Warrants and Certificates.

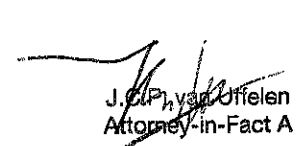
POTENTIAL SECTION 871(m) TRANSACTION

Please see paragraph 5 of Part B – Other Information to this Pricing Supplement for additional information regarding withholding under Section 871(m) of the Code.

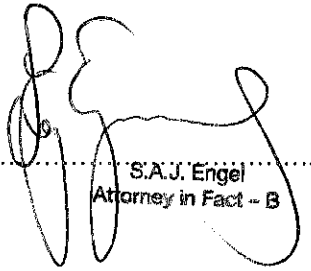
RESPONSIBILITY

The Issuer accepts responsibility for the information contained in this Pricing Supplement.

Signed on behalf of the Issuer:


J.C.P. van Offelen
Attorney-in-Fact A

By:
Duly authorised


S.A.J. Engel
Attorney in Fact - B

Morgan Stanley B.V.

TMF Management B.V.
Managing Director

1-18/18

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 Notes to be admitted to the Official List of Euronext Dublin and trading on its Global Exchange Market with effect from on or around the Issue Date.

No assurances can be given that such application for listing and/or admission to trading will be granted (or, if granted, will be granted by the Issue Date. The Issuer has no duty to maintain the listing (if any) of the Certificate on the relevant stock exchange(s) over their entire lifetime.

2. RATINGS

Ratings: The Securities have not been rated

3. PERFORMANCE OF EQUITY/INDEX/COMMODITY/CURRENCY/FUND/FORMULA/OTHER VARIABLE, AND OTHER INFORMATION CONCERNING THE UNDERLYING

Further details on the Underlying can be found on Bloomberg® page: < ALKCUTS >

The Issuer does not intend to provide post-issuance information with regard to the underlying.

4. OPERATIONAL INFORMATION

ISIN: XS1840795931

Common Code: 184079593

CFI: DTZZFR

FISN: MORGAN STANLEY/ZERO CPNEMTN 2026081

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

Delivery: Delivery free of payment

Names and addresses of initial Securities Agent(s)/Securities Transfer Agent(s): As per the Conditions

Names and addresses of additional Securities Agent(s) and/or Securities Transfer Agent(s) (if any): As per the Conditions

5. POTENTIAL SECTION 871(m) TRANSACTION

The Issuer has determined that the Certificates should not be subject to withholding under Section 871(m) of the Code, and hereby instructs its agents and withholding agents that no withholding is required, unless such agent or withholding agent knows or has

reason to know otherwise

6. **Prohibition of Sales to EEA Retail Investors** Applicable

7. **BENCHMARK REGULATION** Not Applicable

ANNEX

Any investment in the Certificates made with the intention to offer, sell or otherwise transfer (together, “**distribute**” and each a “**distribution**”) such Certificates to prospective investors will be deemed to include, without limitation, the following representations, undertakings and acknowledgements:

(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 their 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;

(ii) 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;

(iii) 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;

(iv) 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 Offering Circular and the Pricing Supplement 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;

(v) 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 and all applicable sanctions, laws and programs, including without limitation the U.S. Department of Treasury’s Office of Foreign Assets Control;

To the extent that MSIP pays to you and/or any of your affiliates any fee, commission or non-monetary benefit (“**Remuneration**”), you represent and warrant to us each time you and/or any of your affiliates receive such Remuneration, that you and/or your affiliates are entitled to receive such Remuneration in accordance with all applicable laws, regulatory requirements, or regulation, contract, fiduciary obligations or otherwise). If, in relation to the Certificates, you are providing investment advice on an independent basis or portfolio management to a potential investor, you will transfer any Remuneration received by from Morgan Stanley to the potential investor as soon as reasonably possible after receipt, in all cases as required by and in accordance with applicable laws and regulations.

If, for any reason and at any time, you and/or your affiliates are not entitled to receive and/or retain such Remuneration, you shall notify us immediately in writing.

To the extent that MSIP pays Remuneration to you and/or any of your affiliates, you represent and warrant that such Remuneration does not relate to and/or is not calculated in respect of an advised sale made to a retail client

(as defined in the FCA Handbook) based in the United Kingdom (whether or not through agents acting on your or their behalf such as platforms, financial advisers and/or portfolio managers) or where you are undertaking portfolio management. You agree to inform the Issuer or Morgan Stanley of such distribution to UK retail clients.

You acknowledge that where Remuneration is payable, the Issuer and Morgan Stanley are obliged to disclose the amounts and/or basis of such Remuneration.

(vi) 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 (f) above, or acting otherwise than as required or contemplated herein.