

KOBEX MINERALS INC.
Form SC 13D
September 26, 2012

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Schedule 13D

Under the Securities Exchange Act of 1934
(Amendment No. _____)*

Kobex Minerals Inc.
(Name of Issuer)

Common Shares, No Par Value
(Title of Class of Securities)

49989C105
(CUSIP Number)

Sprott Inc.
Royal Bank Plaza, South Tower
200 Bay Street
Suite 2700, PO Box 27
Toronto, Ontario M5J 2J1
(416) 943-4065

COPY TO:
Jonathan M.A. Melmed, Esq.
Morrison & Foerster LLP
1290 Avenue of the Americas
New York, NY 10104
(212) 468-8000

September 26, 2012.
(Date of Event which Requires Filing of this Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition that is the subject of this Schedule 13D and is filing this schedule because of §§ 240.13d-1(e), 240.13d-1(f) or 240.13d-1(g), check the following box. x

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Note: Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits. See § 240.13d-7 for other parties to whom copies are to be sent.

*The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

The information required on the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

Page 1 of 7 Pages

CUSIP No: 49989C105

1	NAMES OF REPORTING PERSONS / I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY) Sprott Inc.		
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP*	(a) <input type="radio"/>	(b) <input checked="" type="radio"/>
3	SEC USE ONLY		
4	SOURCE OF FUNDS AF		
5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(D) OR 2(E)	<input type="radio"/>	
6	CITIZENSHIP OR PLACE OF ORGANIZATION Ontario, Canada		
	NUMBER OF SHARES	7	SOLE VOTING POWER 1,385,326
	BENEFICIALLY OWNED BY EACH	8	SHARED VOTING POWER 7,150,000
	REPORTING PERSON	9	SOLE DISPOSITIVE POWER 1,385,326
	WITH	10	SHARED DISPOSITIVE POWER 7,150,000
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 8,535,326		
12	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES*	<input type="radio"/>	
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) 18.5%		
14	TYPE OF REPORTING PERSON* CO		

CUSIP No: 49989C105

1	NAMES OF REPORTING PERSONS / I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY) Exploration Capital Partners 2006 Limited Partnership		
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP*		(a) <input type="radio"/> (b) <input checked="" type="radio"/>
3	SEC USE ONLY		
4	SOURCE OF FUNDS WC		
5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(D) OR 2(E)		<input type="radio"/>
6	CITIZENSHIP OR PLACE OF ORGANIZATION California		
	NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7 8 9 10	SOLE VOTING POWER 0 SHARED VOTING POWER 7,150,000 SOLE DISPOSITIVE POWER 0 SHARED DISPOSITIVE POWER 7,150,000
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 7,150,000		
12	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES*		<input type="radio"/>
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) 15.5%		
14	TYPE OF REPORTING PERSON* PN		

Item 1. Security and Issuer.

The class of equity security to which this statement relates is the common shares, no par value (the “Shares”), of Kobex Minerals Inc., a corporation organized in the Province of British Columbia, Canada (the “Issuer”). The address of the principal executive offices of the Issuer is 1700 – 700 West Pender Street, Vancouver, British Columbia, Canada V6C 1G8.

Item 2. Identity and Background.

The persons filing this statement are Sprott Inc., a corporation organized under the laws of the Province of Ontario, Canada (“Sprott”), and Exploration Capital Partners 2006 Limited Partnership, a California limited partnership (“Exploration 2006” and, together with Sprott, the “Reporting Persons”).

The address of the principal business and principal office of Sprott is Royal Bank Plaza, South Tower, 200 Bay Street, Suite 2700, Toronto, Ontario M5J 2J1 and Exploration 2006 is 1910 Palomar Point Way, Suite 200, Carlsbad, CA 92008.

Resource Capital Investment Corporation (“RCIC”), Rule Investments Inc. (“Rule”), and Sprott Asset Management USA Inc. (“SAM”) are each indirectly wholly-owned by Sprott. Sprott’s ownership of RCIC, Rule, and SAM are held through an intermediary holding company, which is Sprott US Holdings Inc. (“Sprott US”). RCIC is the general partner of Exploration 2006 and Exploration Capital Partners 2008 Limited Partnership (“Exploration 2008”). Rule is the general partner of Sprott Global Resource Investments Ltd. (“Sprott Global”). Exploration 2006 and Exploration 2008 are primarily engaged in the business of investing in securities.

The name, citizenship, present principal occupation or employment and business address of each director and executive officer of the Reporting Persons are set forth in Schedule A attached hereto.

None of the Reporting Persons nor any manager or executive officer of the Reporting Persons, has, during the past five years, (a) been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors) or (b) been a party to a civil proceeding of a judicial or administrative body of competent jurisdiction and as a result of such proceeding was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting, or mandating activities subject to, Federal or State securities laws or a finding of any violation with respect to such laws.

Item 3. Source and Amount of Funds or Other Consideration.

The funds for the purchase of the Shares beneficially owned by the Reporting Persons came from the working capital of Exploration 2006 and other accounts managed by Sprott.

No borrowed funds were used to purchase the Shares, other than any borrowed funds used for working capital purposes (including certain leverage arrangements) in the ordinary course of business.

Item 4. Purpose of Transaction.

The Reporting Persons acquired the Shares in the belief that the Shares represented an attractive investment opportunity.

On September 26, 2012, Sprott delivered a letter to the Issuer’s Chairman and Director, Roman Shklanka, and the Issuer’s Board of Directors (the “Board”). In the letter, Sprott expressed its desire to help to refocus the Company so that it may achieve its stated objectives and suggested that the Issuer consider changes to the Board composition but has

not suggested actual Board members in that regard. Spratt stressed that management must act with a renewed sense of urgency and discipline to execute on strategic initiatives and reduce expenses. Spratt also expressed its hope of continuing a constructive dialogue with the Issuer's Board and senior management to address the challenges and opportunities facing the Issuer, and to ensure that it is run with the best interests of all shareholders as the primary objective. The full text of the letter is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

No Reporting Person has any present plan or proposal which would relate to or result in any of the matters set forth in subparagraphs (a) - (j) of Item 4 of Schedule 13D except as set forth herein or such as would occur upon or in connection with completion of, or following, any of the actions discussed herein. The Reporting Persons intend to review their investment in the Issuer on a continuing basis. Depending on various factors including, without limitation, the Issuer's financial position and investment strategy, the price levels of the Shares, conditions in the securities markets and general economic and industry conditions, the Reporting Persons may in the future take such actions with respect to their investment in the Issuer as they deem appropriate including, without limitation, continuing to engage in communications with management and the Board of the Issuer, engaging in discussions with stockholders of the Issuer and others about the Issuer and the Reporting Persons' investment, making recommendations or proposals to the Issuer concerning changes to the capitalization, ownership structure, board structure (including board composition) or operations of the Issuer, purchasing additional Shares, selling some or all of their Shares, engaging in short selling of or any hedging or similar transaction with respect to the Shares, or changing their intention with respect to any and all matters referred to in Item 4.

Item 5. Interest in Securities of the Issuer.

(a)-(c) As of the date hereof, Sprott may be deemed to be the beneficial owner of 8,535,326 Shares or 18.5% of the Shares of the Issuer, based upon 46,057,832 Shares outstanding as of December 31, 2011 reported by the Issuer in the Issuer's Form 20-F for the fiscal year ended December 31, 2011, as adjusted for warrants beneficially owned by Sprott. As of the date hereof, Exploration 2006 may be deemed to be the beneficial owner of 7,150,000 Shares or 15.5% of the Shares of the Issuer based upon 46,057,832 Shares outstanding, as adjusted for warrants beneficially owned by Exploration 2006. As of the date hereof, Exploration 2008 may be deemed to be the beneficial owner of 769,249 Shares of the Issuer, Sprott Global may be deemed to be the beneficial owner of 609,752 Shares of the Issuer, and SAM may be deemed to be the beneficial owner of 6,325 shares of the Issuer.

Sprott has the sole power to vote or direct the vote of 1,385,326 Shares and the shared power to vote or direct the vote of 7,150,000 Shares. Exploration 2006 has the sole power to vote or direct the vote of 0 Shares and the shared power to vote or direct the vote of 7,150,000 Shares.

Sprott has the sole power to dispose or direct the disposition of 1,385,326 Shares and the shared power to dispose or direct the disposition of 7,150,000 Shares. Exploration 2006 has the sole power to dispose or direct the disposition of 0 Shares and the shared power to dispose or direct the disposition of 7,150,000 Shares.

The trading date, number of Shares purchased or sold and the price per share for all transactions in the Shares during the past 60 days by the Reporting Persons are set forth in Schedule B. All transactions were conducted on the open market.

The Reporting Persons specifically disclaim beneficial ownership in the Shares reported herein except to the extent of their pecuniary interest therein.

Item 6. Contracts, Arrangements, Understandings or Relationships with Respect to Securities of the Issuer.

Except as described elsewhere herein, to the knowledge of the Reporting Persons, there are no contracts, arrangements, understandings or relationships (legal or otherwise) between the Reporting Persons or any of their officers and directors and any other person, with respect to any securities of the Issuer, including, but not limited to, transfer or voting of any of the securities, finder's fees, joint ventures, loan or option agreements, puts or calls, guarantees of profits, divisions of profits or loss, or the giving or withholding of proxies.

Item 7. Material to be filed as Exhibits.

Exhibit 1 – Joint Filer Agreement and Power of Attorney, dated September 26, by and among Explorer and Sprott.

SIGNATURES

After reasonable inquiry and to the best of each of the undersigned's knowledge and belief, each of the undersigned certifies that the information set forth in this statement is true, complete and correct.

Date: September 26, 2012

SPROTT INC.

By: /s/ Kirstin McTaggart
Name: Kirstin McTaggart
Title: Authorized Person

EXPLORATION CAPITAL PARTNERS 2006
LIMITED PARTNERSHIP

By: /s/ Gretchen Carter
Name: Gretchen Carter
Title: Authorized Person

CERTAIN INFORMATION ABOUT THE EXECUTIVE OFFICERS
AND DIRECTORS OF THE REPORTING PERSONS

The following table sets forth certain information with respect to each executive officer and director of the Reporting Persons, as of September 26, 2012.

Name and Title	Reporting Person	Residence or Business Address	Principal Occupation	Country of Citizenship	Organization and Place where Occupation or Employment is Conducted
Eric S. Sprott, Chairman	Sprott Inc.	Royal Bank Plaza, South Tower, 200 Bay Street, Suite 2700, Toronto, Ontario M5J 2J1	Chief Executive Officer	Canada	Mr. Sprott is also Chief Executive Officer and Chief Investment Officer of Sprott Asset Management L.P., and the Chairman of Sprott Resource Corp., Sprott Consulting L.P. and Sprott Consulting GP. He is Chief Executive Officer and a Director of SAM GP and Chief Executive Officer of Sprott Private Wealth L.P. and Sprott Private Wealth GP Inc. He is also President and a Director of Sprott GenPar Ltd. and a Director of the Sprott Foundation. In addition, he is the Portfolio Manager responsible for the Sprott Hedge Fund L.P., Sprott Hedge Fund L.P. II, Sprott Offshore Fund, Sprott Offshore Fund II, Exploration Capital Partners 2006 Limited Partnership, Sprott Energy Fund, Sprott Physical Gold Trust,

				Sprott Physical Silver Trust and the Sprott discretionary managed accounts. He is a Canadian citizen.
Jack C. Lee, Sprott Inc. Lead Director	Royal Bank Plaza, South Tower, 200 Bay Street, Suite 2700, Toronto, Ontario M5J 2J1	Private Investor	Canada	Mr. Lee is the President of Facet Resources Ltd.
Marc Faber, Sprott Inc. Director	Royal Bank Plaza, South Tower, 200 Bay Street, Suite 2700, Toronto, Ontario M5J 2J1	Managing Director	Switzerland	Mr. Faber is the Managing Director of Marc Faber Ltd.

James T. Roddy, Director	Sprott Inc.	Royal Bank Plaza, South Tower, 200 Bay Street, Suite 2700, Toronto, Ontario M5J 2J1	Corporate Director	Canada	
Arthur Richards Rule IV, Director	Sprott Inc.	Royal Bank Plaza, South Tower, 200 Bay Street, Suite 2700, Toronto, Ontario M5J 2J1	President	U.S.A.	Mr. Rule is President and Chief Executive Officer Sprott US Holdings, Inc.
Paul H. Stephens, Director	Sprott Inc.	Royal Bank Plaza, South Tower, 200 Bay Street, Suite 2700, Toronto, Ontario M5J 2J1	Chairman	U.S.A.	Mr. Stephens is Chairman & Partner Stephens Investment Management LLC
Peter Grosskopf, Chief Executive Officer	Sprott Inc.	Royal Bank Plaza, South Tower, 200 Bay Street, Suite 2700, Toronto, Ontario M5J 2J1	Chief Executive Officer	Canada	Mr. Grosskopf is the Chief Executive Officer of Sprott Inc. and Chief Executive Officer of Sprott Resource Lending Corp.
Kevin Bambrough, President	Sprott Inc.	Royal Bank Plaza, South Tower, 200 Bay Street, Suite 2700, Toronto, Ontario M5J 2J1	President	Canada	Mr. Bambrough is President of Sprott Inc., President and Chief Executive Officer of Sprott Consulting L.P. and Sprott Consulting GP and Market Strategist of Sprott Asset Management L.P.
Steven Rostowsky, Chief Financial Officer	Sprott Inc.	Royal Bank Plaza, South Tower, 200 Bay Street, Suite 2700, Toronto, Ontario M5J 2J1	Chief Financial Officer	Canada	Mr. Rostowsky is also Chief Financial Officer of Sprott Asset Management L.P. and Chief Financial Officer and a Director of SAM GP. He is a Canadian citizen.

TRANSACTIONS IN THE SHARES BY ENTITIES ADVISED BY SPROTT INC.

Reporting Person	Amount of Shares Purchased / (Sold)	Date of transaction	Price per share (excluding commissions)	Where and how the transaction was effected
Sprott Global Resource Investments Ltd.	(20,000)	9/10/2012	\$0.53	Open Market
Sprott Global Resource Investments Ltd.	(25,000)	8/29/2012	\$0.53	Open Market
Sprott Global Resource Investments Ltd.	(10,000)	8/23/2012	\$0.52	Open Market

EXHIBIT 1

Joint Filer Agreement and Power of Attorney

In accordance with Rule 13d-1(k) promulgated under the Securities Exchange Act of 1934, as amended (the "1934 Act"), the undersigned hereby agree to the joint filing on behalf of each of them of a statement on Schedule 13D (including any amendments thereto) with respect to the common stock, no par value, of Kobex Minerals Inc., a corporation organized in the Province of British Columbia, Canada. The undersigned further consent and agree to the inclusion of this agreement as an Exhibit to such Schedule 13D. This agreement may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument.

Each of the undersigned hereby irrevocably constitutes and appoints Kristin McTaggart (the "Attorney-in-Fact") as agent and attorney-in-fact, with full power of substitution, with respect to the power and authority on behalf of each of the undersigned to execute and file or cause to be executed and filed any documents required to be filed by Section 13 of the 1934 Act or to execute any documents as required in connection with such required documents as a result of or in connection with each of the undersigned's purchase of the securities to which the statement on Schedule 13D relates.

IN WITNESS WHEREOF, the undersigned have executed this agreement as of September 26, 2012.

SPROTT INC.

By: /s/ Kirstin McTaggart
Name: Kirstin McTaggart
Title: Authorized Person

EXPLORATION CAPITAL PARTNERS 2006
LIMITED PARTNERSHIP

By: /s/ Gretchen Carter
Name: Gretchen Carter

However, because the costs associated with issuing, selling, structuring and hedging the securities are not fully deducted upon issuance, for a period of up to 6 months following the issue date, to the extent that MS & Co. may buy or sell the securities in the secondary market, absent changes in market conditions, including those related to the underlying indices, and to our secondary market credit spreads, it would do so based on values higher than the estimated value, and we expect that those higher values will also be reflected in your brokerage account statements.

The estimated value of the securities is determined by reference to our pricing and valuation models, which may differ from those of other dealers, and is not a maximum or minimum secondary market price. These pricing and valuation models are proprietary and rely in part on subjective views of certain market inputs and certain assumptions about future events, which may prove to be incorrect. As a result, because there is no market-standard way to value these types of securities, our models may yield a higher estimated value of the securities than those generated by others, including § other dealers in the market, if they attempted to value the securities. In addition, the estimated value on the pricing date does not represent a minimum or maximum price at which dealers, including MS & Co., would be willing to purchase your securities in the secondary market (if any exists) at any time. The value of your securities at any time after the date of this document will vary based on many factors that cannot be predicted with accuracy, including our creditworthiness and changes in market conditions. See also “The market price will be influenced by many unpredictable factors” above.

Hedging and trading activity by our affiliates could potentially affect the value of the securities. One or more of our affiliates and/or third-party dealers expect to carry out hedging activities related to the securities (and to other § instruments linked to the underlying indices or their component stocks), including trading in the stocks that constitute the underlying indices as well as in other instruments related to the underlying indices. As a result, these entities may be

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Feature due March 12, 2025

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unwinding or adjusting hedge positions during the term of the securities, and the hedging strategy may involve greater and more frequent dynamic adjustments to the hedge as the final determination date approaches. Some of our affiliates also trade the stocks that constitute the underlying indices and other financial instruments related to the underlying indices on a regular basis as part of their general broker-dealer and other businesses. Any of these hedging or trading activities on or prior to the pricing date could potentially increase the initial index value of an underlying index, and, therefore, could increase (i) the value at or above which such underlying index must close on the determination dates so that the securities are redeemed prior to maturity for the early redemption payment (depending also on the performance of the other underlying indices) and (ii) the downside threshold level for such underlying index, which is the value at or above which such underlying index must close on the final determination date so that you are not exposed to the negative performance of the worst performing underlying index at maturity (depending also on the performance of the other underlying indices). Additionally, such hedging or trading activities during the term of the securities could potentially affect the value of any underlying index on the determination dates, and, accordingly, whether we redeem the securities prior to maturity and the amount

of cash you will receive at maturity, if any.

The calculation agent, which is a subsidiary of Morgan Stanley and an affiliate of MSFL, will make determinations with respect to the securities. As calculation agent, MS & Co. will determine the initial index values, the call threshold levels, the downside threshold levels, the final index values, whether the securities will be redeemed on any early redemption date and the payment at maturity, if any. Moreover, certain determinations made by MS & Co., in its capacity as calculation agent, may require it to exercise discretion and make subjective judgments, such as with respect to the occurrence or non-occurrence of market disruption events and the selection of a successor index or calculation of an index closing value in the event of a market disruption event or discontinuance of an underlying index. These potentially subjective determinations may affect the payout to you upon an early redemption or at maturity, if any. For further information regarding these types of determinations, see “Description of Auto-Callable Securities—Postponement of Determination Dates,” “—Alternate Exchange Calculation in Case of an Event of Default,” “—Discontinuance of Any Underlying Index; Alternation of Method of Calculation” and “—Calculation Agent and Calculations” in the accompanying product supplement. In addition, MS & Co. has determined the estimated value of the securities on the pricing date.

§ The U.S. federal income tax consequences of an investment in the securities are uncertain. Please read the discussion under “Additional Information – Tax considerations” in this document and the discussion under “United States Federal Taxation” in the accompanying

product supplement for auto-callable securities (together, the “Tax Disclosure Sections”) concerning the U.S. federal income tax consequences of an investment in the securities. If the Internal Revenue Service (the “IRS”) were successful in asserting an alternative treatment for the securities, the timing and character of income on the securities might differ significantly from the tax treatment described in the Tax Disclosure Sections. For example, under one possible treatment, the IRS could seek to recharacterize the securities as debt instruments. In that event, U.S. Holders would be required to accrue into income original issue discount on the securities every year at a “comparable yield” determined at the time of issuance and recognize all income and gain in respect of the securities as ordinary income. Additionally, as discussed under “United States Federal Taxation—FATCA” in the accompanying product supplement for auto-callable securities, the withholding rules commonly referred to as “FATCA” would apply to the securities if they were recharacterized as debt instruments. However, recently proposed regulations (the preamble to which specifies that taxpayers are permitted to rely on them pending finalization) eliminate the withholding requirement on payments of gross proceeds of a taxable disposition. The risk that financial instruments providing for buffers, triggers or similar downside protection features, such as the securities, would be recharacterized as debt is greater than the risk of recharacterization for comparable financial instruments that do not have such features. We do not plan to request a ruling from the IRS regarding the tax treatment of the securities, and the IRS or a court may not agree with the tax treatment described in the Tax Disclosure Sections.

In 2007, the U.S. Treasury Department and the IRS released a notice requesting

comments on the U.S. federal income tax treatment of “prepaid forward contracts” and similar instruments. The notice focuses in particular on whether to require holders of these instruments to accrue income over the term of their investment. It also asks for comments on a number of related topics, including the character of income or loss with respect to these instruments; whether short-term instruments should be subject to any such accrual regime; the relevance of factors such as the exchange-traded status of the instruments and the nature of the underlying property to which the instruments are linked; the degree, if any, to

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which income (including any mandated accruals) realized by non-U.S. investors should be subject to withholding tax; and whether these instruments are or should be subject to the “constructive ownership” rule, which very generally can operate to recharacterize certain long-term capital gain as ordinary income and impose an interest charge. While the notice requests comments on appropriate transition rules and effective dates, any Treasury regulations or other guidance promulgated after consideration of these issues could materially and adversely affect the tax consequences of an investment in the securities, possibly with retroactive effect. Both U.S. and Non-U.S. Holders should consult their tax advisers regarding the U.S. federal income tax consequences of an investment in the securities, including possible alternative treatments, the issues presented by this notice and any tax consequences arising under the laws of any state, local or non-U.S. taxing jurisdiction.

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S&P 500® Index Overview

The S&P 500® Index, which is calculated, maintained and published by S&P Dow Jones Indices LLC (“S&P”), consists of stocks of 500 component companies selected to provide a performance benchmark for the U.S. equity markets. The calculation of the S&P 500® Index is based on the relative value of the float adjusted aggregate market capitalization of the 500 component companies as of a particular time as compared to the aggregate average market capitalization of 500 similar companies during the base period of the years 1941 through 1943. For additional information about the S&P 500® Index, see the information set forth under “S&P 500® Index” in the accompanying index supplement.

Information as of market close on January
28, 2019:

Bloomberg		52 Week	
Ticker	SPX	High (on	2,930.75
Symbol:		9/20/2018):	
Current		52 Week	
Index	2,643.85	Low (on	2,351.10
Value:		12/24/2018):	
	2,853.53		

**52 Weeks
Ago:**

The following graph sets forth the daily index closing values of the SPX Index for the period from January 1, 2014 through January 28, 2019. The related table sets forth the published high and low index closing values, as well as the end-of-quarter index closing values, of the SPX Index for each quarter in the same period. The index closing value of the SPX Index on January 28, 2019 was 2,643.85. We obtained the information in the table and graph below from Bloomberg Financial Markets, without independent verification. The historical index closing values of the SPX Index should not be taken as an indication of future performance, and no assurance can be given as to the value of the SPX Index at any time, including on the determination dates.

SPX Index Daily Index Closing Values

January 1, 2014 to January 28, 2019

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S&P 500® Index	High	Low	Period End
2014			
First Quarter	1,878.04	1,741.89	1,872.34
Second Quarter	1,962.87	1,815.69	1,960.23
Third Quarter	2,011.36	1,909.57	1,972.29
Fourth Quarter	2,090.57	1,862.49	2,058.90
2015			
First Quarter	2,117.39	1,992.67	2,067.89
Second Quarter	2,130.82	2,057.64	2,063.11
Third Quarter	2,128.28	1,867.61	1,920.03
Fourth Quarter	2,109.79	1,923.82	2,043.94
2016			
First Quarter	2,063.95	1,829.08	2,059.74
Second Quarter	2,119.12	2,000.54	2,098.86
Third Quarter	2,190.15	2,088.55	2,168.27
Fourth Quarter	2,271.72	2,085.18	2,238.83
2017			
First Quarter	2,395.96	2,257.83	2,362.72
Second Quarter	2,453.46	2,328.95	2,423.41
Third Quarter	2,519.36	2,409.75	2,519.36
Fourth Quarter	2,690.16	2,529.12	2,673.61
2018			
First Quarter	2,872.87	2,581.00	2,640.87
Second Quarter	2,786.85	2,581.88	2,718.37
Third Quarter	2,930.75	2,713.22	2,913.98
Fourth Quarter	2,925.51	2,351.10	2,506.85
2019			
First Quarter (through January 28, 2019)	2,670.71	2,447.89	2,643.85

“Standard & Poor[®],” “S&P,” “S&P 500”
“Standard & Poor’s 500” and “500” are
trademarks of Standard and Poor’s
Financial Services LLC. See “S&P 500[®]
Index” in the accompanying index
supplement.

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Principal at Risk Securities

Dow Jones Industrial AverageSM
Overview

The Dow Jones Industrial AverageSM is a price-weighted index composed of 30 common stocks that is published by Dow Jones Indexes, the marketing name and a licensed trademark of CME Group Index Services LLC, as representative of the broad market of U.S. industry. For additional information about the Dow Jones Industrial AverageSM, see the information set forth under “Dow Jones Industrial AverageSM” in the accompanying index supplement.

Information as of market close on January
28, 2019:

Bloomberg		52 Week	
Ticker	INDU	High (on	26,828.39
Symbol:		10/3/2018):	
Current		52 Week	
Index	24,528.22	Low (on	21,792.20
Value:		12/24/2018):	
52 Weeks	26,439.48		
Ago:			

The following graph sets forth the daily index closing values of the INDU Index for the period from January 1, 2014 through January 28, 2019. The related table sets forth the published high and low index closing values, as well as the end-of-quarter index closing values, of the INDU Index for each quarter in the same period. The index closing value of the INDU Index on January 28, 2019 was 24,528.22. We obtained the information in the table and graph below from Bloomberg Financial Markets, without independent verification. The historical index closing values of the INDU Index should not be taken as an indication of future performance, and no assurance can be given as to the value of the INDU Index at any time, including on the determination dates.

**INDU Index Daily Index Closing Values
January 1, 2014 to January 28, 2019**

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Morgan Stanley Finance LLC

Jump Securities with Auto-Callable

Feature due March 12, 2025

All Payments on the Securities Based on the Worst Performing of the S&P 500® Index, the Dow Jones Industrial AverageSM and the Russell 2000® Index

Principal at Risk Securities

Dow Jones Industrial AverageSM	High	Low	Period End
2014			
First Quarter	16,530.94	15,372.80	16,457.66
Second Quarter	16,947.08	16,026.75	16,826.60
Third Quarter	17,279.74	16,368.27	17,042.90
Fourth Quarter	18,053.71	16,117.24	17,823.07
2015			
First Quarter	18,288.63	17,164.95	17,776.12
Second Quarter	18,312.39	17,596.35	17,619.51
Third Quarter	18,120.25	15,666.44	16,284.70
Fourth Quarter	17,918.15	16,272.01	17,425.03
2016			
First Quarter	17,716.66	15,660.18	17,685.09
Second Quarter	18,096.27	17,140.24	17,929.99
Third Quarter	18,636.05	17,840.62	18,308.15
Fourth Quarter	19,974.62	17,888.28	19,762.60
2017			
First Quarter	21,115.55	19,732.40	20,663.22
Second Quarter	21,528.99	20,404.49	21,349.63
Third Quarter	22,412.59	21,320.04	22,405.09

Fourth Quarter 2018	24,837.51 22,557.60 24,719.22
First Quarter	26,616.71 23,533.20 24,103.11
Second Quarter	25,322.31 23,644.19 24,271.41
Third Quarter	26,743.50 24,174.82 26,458.31
Fourth Quarter 2019	26,828.39 21,792.20 23,327.46
First Quarter (through January 28, 2019)	24,737.20 22,686.22 24,528.22

“Dow Jones,” “Dow Jones Industrial Average,” “Dow Jones Indexes” and “DJIA” are service marks of Dow Jones Trademark Holdings LLC. See “Dow Jones Industrial AverageSM” in the accompanying index supplement.

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Russell 2000® Index Overview

The Russell 2000® Index is an index calculated, published and disseminated by FTSE Russell, and measures the composite price performance of stocks of 2,000 companies incorporated in the U.S. and its territories. All 2,000 stocks are traded on a major U.S. exchange and are the 2,000 smallest securities that form the Russell 3000® Index. The Russell 3000® Index is composed of the 3,000 largest U.S. companies as determined by market capitalization and represents approximately 98% of the U.S. equity market. The Russell 2000® Index consists of the smallest 2,000 companies included in the Russell 3000® Index and represents a small portion of the total market capitalization of the Russell 3000® Index. The Russell 2000® Index is designed to track the performance of the small capitalization segment of the U.S. equity market. For additional information about the Russell 2000® Index, see the information set forth under “Russell 2000® Index” in the accompanying index supplement.

Information as of market close on January 28, 2019:

Bloomberg		52 Week	
Ticker	RTY	High (on	1,740.753
Symbol:		8/31/2018):	
Current		52 Week	
Index	1,473.536	Low (on	1,266.925
Value:		12/24/2018):	
52 Weeks	1,598.109		
Ago:			

The following graph sets forth the daily index closing values of the RTY Index for the period from January 1, 2014 through January 28, 2019. The related table sets forth the published high and low index closing values, as well as the end-of-quarter index closing values, of the RTY Index for each quarter in the same period. The index closing value of the RTY Index on January 28, 2019 was 1,473.536. We obtained the information in the table and graph below from Bloomberg Financial Markets, without independent verification. The historical index closing values of the RTY Index should not be taken as an indication of future performance, and no assurance can be given as to the value of the RTY Index at any time, including on the determination dates.

RTY Index Daily Index Closing Values

January 1, 2014 to January 28, 2019

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Russell 2000® Index 2014	High	Low	Period End
First Quarter	1,208.651	1,093.594	1,173.038
Second Quarter	1,192.960	1,095.986	1,192.960
Third Quarter	1,208.150	1,101.676	1,101.676
Fourth Quarter	1,219.109	1,049.303	1,204.696
2015			
First Quarter	1,266.373	1,154.709	1,252.772
Second Quarter	1,295.799	1,215.417	1,253.947
Third Quarter	1,273.328	1,083.907	1,100.688
Fourth Quarter	1,204.159	1,097.552	1,135.889
2016			
First Quarter	1,114.028	953.715	1,114.028
Second Quarter	1,188.954	1,089.646	1,151.923
Third Quarter	1,263.438	1,139.453	1,251.646
Fourth Quarter	1,388.073	1,156.885	1,357.130
2017			
First Quarter	1,413.635	1,345.598	1,385.920
Second Quarter	1,425.985	1,345.244	1,415.359
Third Quarter	1,490.861	1,356.905	1,490.861

Fourth Quarter 2018	1,548.9261,464.095 1,535.511
First Quarter	1,610.7061,463.793 1,529.427
Second Quarter	1,706.985 1,492.531 1,643.069
Third Quarter	1,740.753 1,653.132 1,696.571
Fourth Quarter 2019	1,672.992 1,266.925 1,348.559
First Quarter (through January 28, 2019)	1,482.853 1,330.831 1,473.536

The “Russell 2000® Index” is a trademark of FTSE Russell. For more information, see “Russell 2000® Index” in the accompanying index supplement.

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Additional Terms of the Securities

Please read this information in conjunction
with the summary terms on the front cover
of this document.

Additional Terms:

If the terms described herein are
inconsistent with those described in the
accompanying product supplement, index
supplement or prospectus, the terms
described herein shall control.

With respect to the SPX
Index, S&P Dow Jones
Indices LLC, or any
successor thereof.

**Underlying
Index
publisher:** With respect to the INDU
Index, S&P Dow Jones
Indices LLC, or any
successor thereof.

With respect to the RTY
Index, FTSE Russell, or
any successor thereof.

**Index closing
value:** With respect to each of the
SPX Index and the INDU
Index, the index closing
value on any index
business day shall be
determined by the
calculation agent and shall

equal the official closing value of such underlying index, or any successor underlying index (as defined under “Discontinuance of an Underlying Index; Alteration of Method of Calculation” in the accompanying product supplement), published at the regular official weekday close of trading on such index business day by the underlying index publisher for such underlying index. In certain circumstances, the index closing value for the SPX Index or the INDU Index shall be based on the alternate calculation of such underlying index described under “Discontinuance of an Underlying Index; Alteration of Method of Calculation” in the accompanying product supplement.

With respect to the RTY Index, the index closing value on any index business day shall be determined by the calculation agent and shall equal the closing value of the RTY Index, or any successor underlying index (as defined under “Discontinuance of an Underlying Index; Alteration of Method of Calculation” in the accompanying product supplement), reported by Bloomberg Financial Services, or any successor

reporting service the calculation agent may select, on such index business day. In certain circumstances, the index closing value for the RTY Index shall be based on the alternate calculation of the RTY Index described under “Discontinuance of an Underlying Index; Alteration of Method of Calculation” in the accompanying product supplement.

Downside threshold level: The accompanying product supplement refers to the downside threshold level as the “trigger level.”

Jump securities with auto-callable feature: The accompanying product supplement refers to these jump securities with auto-callable feature as the “auto-callable securities.”

Day count convention: 30/360

Trustee: The Bank of New York Mellon

Calculation agent: MS & Co.

Issuer notices to registered security holders, the trustee and the depositary: In the event that the early redemption date or the maturity date is postponed due to postponement of the relevant determination date, the issuer shall give notice of such postponement and, once it has been determined, of the date to which the early redemption date or the maturity date, as applicable, has been rescheduled (i) to the holder of the securities by mailing notice of such postponement by first class mail, postage prepaid, to the holder’s last address as it shall appear upon the registry books, (ii) to the trustee by facsimile

confirmed by mailing such notice to the trustee by first class mail, postage prepaid, at its New York office and (iii) to The Depository Trust Company (the “depository”) by telephone or facsimile confirmed by mailing such notice to the depository by first class mail, postage prepaid. Any notice that is mailed to the holder of the securities in the manner herein provided shall be conclusively presumed to have been duly given to such holder, whether or not such holder receives the notice. The issuer shall give such notice as promptly as possible, and in no case later than (i) with respect to notice of postponement of the early redemption date or the maturity date, as applicable, the business day immediately preceding the scheduled early redemption date or maturity date, as applicable, and (ii) with respect to notice of the date to which the early redemption date or the maturity date, as applicable, has been rescheduled, the business day immediately following the relevant determination date as postponed.

In the event that the securities are subject to early redemption, the issuer shall, (i) on the business day following the applicable determination date, give notice of the early redemption

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of the securities and the applicable early redemption payment, including specifying the payment date of the applicable amount due upon the early redemption, (x) to each registered holder of the securities by mailing notice of such early redemption by first class mail, postage prepaid, to such registered holder's last address as it shall appear upon the registry books, (y) to the trustee by facsimile confirmed by mailing such notice to the trustee by first class mail, postage prepaid, at its New York office and (z) to the depositary by telephone or facsimile confirmed by mailing such notice to the depositary by first class mail, postage prepaid and (ii) on or prior to the early redemption date, deliver the aggregate cash amount due with respect to the securities to the trustee for delivery to the depositary, as holder of the securities. Any notice that is mailed to a registered holder of the securities in the manner herein provided shall be conclusively presumed to have been duly given to such holder, whether or not such registered holder receives the notice. This notice shall be given by the issuer or, at the issuer's request, by the trustee in the name and at the expense of the issuer, with any such request to be accompanied by a copy of the notice to be given.

The issuer shall, or shall cause the calculation agent to, (i) provide written

notice to the trustee, on which notice the trustee may conclusively rely, and to the depository of the amount of cash, if any, to be delivered with respect to each stated principal amount of the securities, on or prior to 10:30 a.m. (New York City time) on the business day preceding the maturity date, and (ii) deliver the aggregate cash amount due with respect to the securities, if any, to the trustee for delivery to the depository, as holder of the securities, on the maturity date.

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Additional Information About the
Securities

Additional Information:

Minimum
ticketing size: \$1,000 / 1 security

Tax
considerations: Although there is
uncertainty regarding the
U.S. federal income tax
consequences of an
investment in the
securities due to the lack
of governing authority, in
the opinion of our
counsel, Davis Polk &
Wardwell LLP, under
current law, and based on
current market
conditions, each security
should be treated as a
single financial contract
that is an “open
transaction” for U.S.
federal income tax
purposes. However,
because our counsel’s
opinion is based in part
on market conditions as
of the date of this
document, it is subject to
confirmation on the
pricing date.

Assuming this treatment
of the securities is
respected and subject to

the discussion in “United States Federal Taxation” in the accompanying product supplement for auto-callable securities, the following U.S. federal income tax consequences should result based on current law:

§ A U.S. Holder should not be required to recognize taxable income over the term of the securities prior to settlement, other than pursuant to a sale or exchange.

§ Upon sale, exchange or settlement of the securities, a U.S. Holder should recognize gain or loss equal to the difference between the amount realized and the U.S. Holder’s tax basis in the securities. Such gain or loss should be long-term capital gain or loss if the investor has held the securities for more than one year, and short-term capital gain or loss otherwise.

In 2007, the U.S. Treasury Department and the Internal Revenue Service (the “IRS”) released a notice requesting comments on the U.S. federal income tax treatment of “prepaid

forward contracts” and similar instruments. The notice focuses in particular on whether to require holders of these instruments to accrue income over the term of their investment. It also asks for comments on a number of related topics, including the character of income or loss with respect to these instruments; whether short-term instruments should be subject to any such accrual regime; the relevance of factors such as the exchange-traded status of the instruments and the nature of the underlying property to which the instruments are linked; the degree, if any, to which income (including any mandated accruals) realized by non-U.S. investors should be subject to withholding tax; and whether these instruments are or should be subject to the “constructive ownership” rule, which very generally can operate to recharacterize certain long-term capital gain as ordinary income and impose an interest charge. While the notice requests comments on appropriate transition rules and effective dates, any Treasury regulations or other guidance promulgated after consideration of these issues could materially and adversely affect the tax consequences of an

investment in the securities, possibly with retroactive effect.

As discussed in the accompanying product supplement for auto-callable securities, Section 871(m) of the Internal Revenue Code of 1986, as amended, and Treasury regulations promulgated thereunder (“Section 871(m)”) generally impose a 30% (or a lower applicable treaty rate) withholding tax on dividend equivalents paid or deemed paid to Non-U.S. Holders with respect to certain financial instruments linked to U.S. equities or indices that include U.S. equities (each, an “Underlying Security”). Subject to certain exceptions, Section 871(m) generally applies to securities that substantially replicate the economic performance of one or more Underlying Securities, as determined based on tests set forth in the applicable Treasury regulations (a “Specified Security”). However, pursuant to an IRS notice, Section 871(m) will not apply to securities issued before January 1, 2021 that do not have a delta of one with respect to any Underlying Security. Based on the terms of the securities and current market conditions, we

expect that the securities will not have a delta of one with respect to any Underlying Security on the pricing date.

However, we will provide an updated determination in the pricing supplement.

Assuming that the securities do not have a delta of one with respect to any Underlying Security, our counsel is of the opinion that the securities should not be Specified Securities and, therefore, should not be subject to Section 871(m).

Our determination is not binding on the IRS, and the IRS may disagree with this determination. Section 871(m) is complex and its application may depend on your particular

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circumstances, including whether you enter into other transactions with respect to an Underlying Security. If withholding is required, we will not be required to pay any additional amounts with respect to the amounts so withheld. You should consult your tax adviser regarding the potential application of Section 871(m) to the securities.

Both U.S. and non-U.S. investors considering an investment in the securities should read the discussion under “Risk Factors” in this document and the discussion under “United States Federal Taxation” in the accompanying product supplement for auto-callable securities and consult their tax advisers regarding all aspects of the U.S. federal income tax consequences of an investment in the securities, including possible alternative treatments, the issues presented by the aforementioned notice and any tax consequences arising under the laws of any state, local or non-U.S. taxing

jurisdiction.

The discussion in the preceding paragraphs under “Tax considerations” and the discussion contained in the section entitled “United States Federal Taxation” in the accompanying product supplement for auto-callable securities, insofar as they purport to describe provisions of U.S. federal income tax laws or legal conclusions with respect thereto, constitute the full opinion of Davis Polk & Wardwell LLP regarding the material U.S. federal tax consequences of an investment in the securities.

Use of proceeds and hedging: The proceeds from the sale of the securities will be used by us for general corporate purposes. We will receive, in aggregate, \$1,000 per security issued, because, when we enter into hedging transactions in order to meet our obligations under the securities, our hedging counterparty will reimburse the cost of the agent’s commissions. The costs of the securities borne by you and described beginning on page 3 above comprise the agent’s commissions and the cost of issuing, structuring and hedging the securities.

On or prior to the pricing date, we will hedge our anticipated exposure in connection with the securities by entering into hedging transactions with our affiliates and/or third party dealers. We expect our hedging counterparties to take positions in the stocks constituting the

underlying indices, in futures and/or options contracts on the underlying indices or the component stocks of the underlying indices listed on major securities markets, or positions in any other available securities or instruments that they may wish to use in connection with such hedging. Such purchase activity could potentially increase the initial index value of an underlying index, and, as a result, increase (i) the level at or above which such underlying index must close on the determination dates so that the securities are redeemed prior to maturity for the early redemption payment (depending also on the performance of the other underlying indices) and (ii) the downside threshold level for such underlying index, which is the level at or above which such underlying index must close on the final determination date so that you are not exposed to the negative performance of the worst performing underlying index at maturity (depending also on the performance of the other underlying indices). These entities may be unwinding or adjusting hedge positions during the term of the securities, and the hedging strategy may involve greater and more frequent dynamic adjustments to the hedge as the final determination date approaches. Additionally, our hedging activities, as well as our other trading activities, during the term of the securities could potentially affect the value of any underlying index on the determination dates, and, accordingly, whether we redeem the securities prior to maturity

and the amount of cash you will receive at maturity, if any. For further information on our use of proceeds and hedging, see “Use of Proceeds and Hedging” in the accompanying product supplement.

Benefit plan investor considerations: Each fiduciary of a pension, profit-sharing or other employee benefit plan subject to Title I of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”) (a “Plan”), should consider the fiduciary standards of ERISA in the context of the Plan’s particular circumstances before authorizing an investment in the securities. Accordingly, among other factors, the fiduciary should consider whether the investment would satisfy the prudence and diversification requirements of ERISA and would be consistent with the documents and instruments governing the Plan.

In addition, we and certain of our affiliates, including MS & Co., may each be considered a “party in interest” within the meaning of ERISA, or a “disqualified person” within the meaning of the Internal Revenue Code of 1986, as amended (the “Code”), with respect to many Plans, as well as many individual retirement accounts and Keogh

plans (such accounts and plans, together with other plans, accounts and arrangements subject to Section 4975 of the Code, also “Plans”). ERISA Section 406 and Code Section 4975 generally prohibit transactions between Plans and parties in interest or disqualified persons. Prohibited transactions within the meaning of ERISA or the Code would likely arise, for example, if the securities are

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acquired by or with the assets of a Plan with respect to which MS & Co. or any of its affiliates is a service provider or other party in interest, unless the securities are acquired pursuant to an exemption from the “prohibited transaction” rules. A violation of these “prohibited transaction” rules could result in an excise tax or other liabilities under ERISA and/or Section 4975 of the Code for such persons, unless exemptive relief is available under an applicable statutory or administrative exemption.

The U.S. Department of Labor has issued five prohibited transaction class exemptions (“PTCEs”) that may provide exemptive relief for direct or indirect prohibited transactions resulting from the purchase or holding of the securities. Those class exemptions are PTCE 96-23 (for certain transactions determined by in-house asset managers), PTCE 95-60 (for certain transactions involving insurance company general accounts), PTCE 91-38 (for certain transactions involving bank collective investment funds), PTCE 90-1 (for certain transactions involving insurance company separate accounts) and PTCE 84-14 (for certain transactions determined by independent qualified professional asset managers). In addition, ERISA Section 408(b)(17) and Code Section 4975(d)(20) provide an exemption for the purchase

and sale of securities and the related lending transactions, *provided* that neither the issuer of the securities nor any of its affiliates has or exercises any discretionary authority or control or renders any investment advice with respect to the assets of the Plan involved in the transaction and *provided further* that the Plan pays no more, and receives no less, than “adequate consideration” in connection with the transaction (the so-called “service provider” exemption). There can be no assurance that any of these class or statutory exemptions will be available with respect to transactions involving the securities.

Because we may be considered a party in interest with respect to many Plans, the securities may not be purchased, held or disposed of by any Plan, any entity whose underlying assets include “plan assets” by reason of any Plan’s investment in the entity (a “Plan Asset Entity”) or any person investing “plan assets” of any Plan, unless such purchase, holding or disposition is eligible for exemptive relief, including relief available under PTCEs 96-23, 95-60, 91-38, 90-1, 84-14 or the service provider exemption or such purchase, holding or disposition is otherwise not prohibited. Any purchaser, including any fiduciary purchasing on behalf of a Plan, transferee or holder of the securities will be deemed to have represented, in its corporate and its fiduciary capacity, by its purchase and holding of the securities that either (a) it is not a Plan or a Plan Asset Entity and is not purchasing such securities on behalf of or with “plan assets” of any Plan or with any assets of a governmental, non-U.S. or church plan that is subject to any federal, state, local or non-U.S. law that is substantially similar to the provisions of Section 406 of ERISA or Section 4975 of the Code (“Similar Law”) or (b) its purchase, holding and disposition of these securities will not constitute or result in a non-exempt

prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or violate any Similar Law.

Due to the complexity of these rules and the penalties that may be imposed upon persons involved in non-exempt prohibited transactions, it is particularly important that fiduciaries or other persons considering purchasing the securities on behalf of or with “plan assets” of any Plan consult with their counsel regarding the availability of exemptive relief.

The securities are contractual financial instruments. The financial exposure provided by the securities is not a substitute or proxy for, and is not intended as a substitute or proxy for, individualized investment management or advice for the benefit of any purchaser or holder of the securities. The securities have not been designed and will not be administered in a manner intended to reflect the individualized needs and objectives of any purchaser or holder of the securities.

Each purchaser or holder of any securities acknowledges and agrees that:

(i) the purchaser or holder or its fiduciary has made and shall make all investment decisions for the purchaser or holder and the purchaser or holder has not relied and shall not rely in any way upon us or our affiliates to act as a fiduciary or adviser of the purchaser or holder with respect to (A) the design and terms of the securities, (B) the purchaser or holder’s investment in the securities, or (C) the exercise of or failure to exercise any rights we have under or with respect to

the securities;

(ii) we and our affiliates have acted and will act solely for our own account in connection with (A) all transactions relating to the securities and (B) all hedging transactions in connection with our obligations under the securities;

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(iii) any and all assets and positions relating to hedging transactions by us or our affiliates are assets and positions of those entities and are not assets and positions held for the benefit of the purchaser or holder;

(iv) our interests are adverse to the interests of the purchaser or holder; and

(v) neither we nor any of our affiliates is a fiduciary or adviser of the purchaser or holder in connection with any such assets, positions or transactions, and any information that we or any of our affiliates may provide is not intended to be impartial investment advice.

Each purchaser and holder of the securities has exclusive responsibility for ensuring that its purchase, holding and disposition of

the securities do not violate the prohibited transaction rules of ERISA or the Code or any Similar Law. The sale of any securities to any Plan or plan subject to Similar Law is in no respect a representation by us or any of our affiliates or representatives that such an investment meets all relevant legal requirements with respect to investments by plans generally or any particular plan, or that such an investment is appropriate for plans generally or any particular plan. In this regard, neither this discussion nor anything provided in this document is or is intended to be investment advice directed at any potential Plan purchaser or at Plan purchasers generally and such purchasers of these securities should consult and rely on their own counsel and advisers as to whether an investment in these securities is suitable.

However, individual retirement accounts, individual retirement annuities and Keogh plans, as well as employee benefit plans that permit participants to direct the investment of their accounts, will not be permitted to purchase or hold the securities if the account, plan or annuity is for the benefit of an employee of Morgan Stanley, Morgan Stanley Wealth Management or a

family member and the employee receives any compensation (such as, for example, an addition to bonus) based on the purchase of the securities by the account, plan or annuity.

Client accounts over which Morgan Stanley, Morgan Stanley Wealth

Additional considerations:

Management or any of their respective subsidiaries have investment discretion are not permitted to purchase the securities, either directly or indirectly.

Supplemental information regarding plan of distribution; conflicts of interest:

Selected dealers, which may include our affiliates, and their financial advisors will collectively receive from the agent a fixed sales commission of \$22.50 for each security they sell. In addition, selected dealers and their financial advisors will receive a structuring fee of \$4.00 for each security.

We are also offering, pursuant to Preliminary Terms No. 1,524, a separate issuance of securities, being sold only to fee-based advisory accounts, with terms similar to those of this issuance but with higher early redemption payment amounts.

MS & Co. is an affiliate of MSFL and a wholly owned subsidiary of Morgan Stanley, and it and other affiliates of ours expect to make a profit by selling,

structuring and, when applicable, hedging the securities. When MS & Co. prices this offering of securities, it will determine the economic terms of the securities, including the early redemption payment amounts, such that for each security the estimated value on the pricing date will be no lower than the minimum level described in “Investment Summary” beginning on page 3.

MS & Co. will conduct this offering in compliance with the requirements of FINRA Rule 5121 of the Financial Industry Regulatory Authority, Inc., which is commonly referred to as FINRA, regarding a FINRA member firm’s distribution of the securities of an affiliate and related conflicts of interest. MS & Co. or any of our other affiliates may not make sales in this offering to any discretionary account. See “Plan of Distribution (Conflicts of Interest)” and “Use of Proceeds and Hedging” in the accompanying product supplement for auto-callable securities.

Contact: Morgan Stanley clients may contact their local Morgan Stanley branch office or our principal executive offices at 1585 Broadway, New York, New York 10036 (telephone number (866) 477-4776). All other clients may contact their local brokerage

representative. Third-party distributors may contact Morgan Stanley Structured Investment Sales at (800) 233-1087.

Morgan Stanley and MSFL have filed a registration statement (including a prospectus, as supplemented by the product supplement for auto-callable securities and the index supplement) with

Where you can find more information: the Securities and Exchange Commission, or SEC, for the offering to which this communication relates. You should read the prospectus in that registration statement, the product supplement for auto-callable securities, the index supplement and any other

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documents relating to this offering that Morgan Stanley and MSFL have filed with the SEC for more complete information about Morgan Stanley, MSFL and this offering. You may get these documents without cost by visiting EDGAR on the SEC web site at www.sec.gov. Alternatively, Morgan Stanley, MSFL, any underwriter or any dealer participating in the offering will arrange to send you the prospectus, the product supplement for auto-callable securities and the index supplement if you so request by calling toll-free 1-(800)-584-6837.

You may access these documents on the SEC web site at www.sec.gov as follows:

**Product Supplement for Auto-Callable
Securities dated November 16, 2017**

**Index Supplement dated November 16,
2017**

Prospectus dated November 16, 2017

Terms used but not defined in this document are defined in the product supplement for auto-callable securities, in the index supplement or in the prospectus.

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