

Notes issued pursuant to these Final Terms are securities to be listed under Listing Rule 17.

FINAL TERMS NO. NY-7

Dated 15 September 2010

(To Base Prospectus Dated 15 June 2010)

**MORGAN STANLEY
NOTES, SERIES A
3.30% MEXICAN PESO UNIDAD DE INVERSIÓN RATE LINKED NOTES
DUE SEPTEMBER 29, 2020**

This document constitutes Final Terms relating to the issue of Notes described herein. Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 15 June 2010 which constitutes a base prospectus (the “**Base Prospectus**”) for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the “**Prospectus Directive**”). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Base Prospectus. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus is available for viewing at The Bank of New York Mellon, One Canada Square, London E14 5AL, United Kingdom and copies may be obtained from Morgan Stanley, 1585 Broadway, New York, NY 10036.

We, Morgan Stanley, may not redeem these Notes, Series A, 3.30% Mexican Peso Unidad de Inversión Rate Linked Notes Due September 29, 2020 (the “**Notes**”) prior to the maturity date.

We will issue the Notes only in bearer form, which form is further described under “Forms of Notes” in the accompanying Base Prospectus. You may not exchange Notes in bearer form at any time for Notes in registered form.

We will apply to the London Stock Exchange for the listing and quotation of the Notes, subject to meeting the applicable listing requirements. The London Stock Exchange assumes no responsibility for the correctness of any of the statements or opinions made or reports contained in this document. Admission to the official list of and quotation of the Notes on the London Stock Exchange is not to be taken as an indication of the merits of the issuer or the Notes.

Payments made by us in respect of Notes will be made without withholding or deduction for, or on account of, any present or future taxes imposed or levied by or on behalf of the United States or any representative political subdivision thereof or any authority or agency therein or thereof having power to tax, unless the withholding or deduction of those taxes is required by law. **In the event that withholding or deduction of those taxes is required by law, payments on the Notes will be made net of withholding taxes paid or required to be deducted or withheld, and we will not be required to pay any additional amounts to the noteholders with respect to any taxes withheld.**

We described the basic feature of this type of Note in the section called “Description of New York Law Notes – Fixed Rate Notes” in the accompanying Base Prospectus, subject to and as modified by the provisions described below.

Principal Amount:	MXN 194,000,000	Annual Redemption Percentage Reduction:	Not applicable
Maturity Date:	September 29, 2020	Denomination:	MXN 2,000,000 and integral multiples of MXN 1,000,000 thereafter.
Settlement Date (Original Issue Date):	September 29, 2010	Interest Payment Dates:	Each September 29 and March 29, commencing on March 29, 2011, to and including the Maturity Date. On each Interest Payment Date, the Issuer will pay, with respect to each Note, an amount equal to the product of (i) the corresponding MXN-UDI-Indexed Notional Amount determined as of the Valuation Date immediately preceding such Interest Payment Date, (ii) the Interest Rate and (iii) the applicable Day Count Fraction.
Interest Accrual Date:	September 29, 2010	Optional Repayment Date(s):	Not applicable
Purchase Price:	100%	Re-offer Price:	Variable
Distribution Agent:	Morgan Stanley & Co. International plc	Paying Agent:	The Bank of New York Mellon (as successor to JPMorgan Chase Bank, N.A.)
Specified Currency:	Mexican pesos (“MXN”)	Common Code:	054598157

Interest Rate:	3.30% per annum. See “Interest Payment Dates”	ISIN Number:	XS0545981572
Redemption Percentage at Maturity:	100% of MXN-UDI-Indexed Notional Amount. At maturity, you will receive an amount per Note equal to the MXN-UDI-Indexed Notional Amount, as determined on the Valuation Date for the Maturity Date, in lieu of your original principal amount.	Business Days:	New York and Mexico City
Initial Redemption Percentage:	Not applicable	Other Provisions:	See below
Governing Law:	New York	Day Count Fraction:	30/360
Trade Date:	September 15, 2010	MXN-UDI-Indexed Notional Amount:	On any Valuation Date, an amount in MXN per MXN 1,000,000 principal amount of Notes equal to the product of (a) MXN 1,000,000 multiplied by (b) the quotient of (i) the Index Value determined on such Valuation Date divided by (ii) the Initial Index Value.
Additional provisions for Unidad de Inversión Rate Linked Notes			
Index Value:	The UDI Rate as of the relevant Valuation Date; <i>provided</i> that if the UDI Rate is not available for such day, then the Index Value as of such day shall be as determined by the Determination Agent in good faith and in a commercially reasonable manner taking into account any information deemed relevant by the	Initial Index Value:	4.439625

	Determination Agent.		
UDI Rate:	The rate of Mexican peso per index unit (<i>Unidad de Inversión</i> , “ UDI ”) determined by <i>Banco de México</i> and published in the <i>Diario Oficial de la Federación</i> .	Index Performance:	Not applicable
Adjustment Amount:	Not applicable	Valuation Dates:	Each date that is two Business Days prior (i) to each Interest Payment Date and (ii) to the Maturity Date.
Relevant Exchange:	Not applicable	Successor index:	Not applicable
Trading Day:	Not applicable	Additional Events of Default:	Not applicable
Market Disruption Event:	Not applicable	New Global Note Form:	No

Terms not defined above have the meaning given to those terms in the accompanying Base Prospectus.

Acceleration of Notes upon Event of Default

Notwithstanding anything to the contrary in the Base Prospectus or the Indenture, upon an acceleration of the Notes upon an Event of Default as described under the section “Description of New York Law Notes – Events of Default,” the amount per MXN 1,000,000 principal amount of Notes due to a noteholder shall be the MXN-UDI-Indexed Notional Amount determined as if the Valuation Date were two (2) Business Days prior to the date of such acceleration.

Special Tax Redemption

Upon a Special Tax Redemption of the Notes as described under the section “Description of New York Law Notes – Special Tax Redemption” in the Base Prospectus, the amount per MXN 1,000,000 principal amount of Notes due to a noteholder shall be the MXN-UDI-Indexed Notional Amount determined as if the Valuation Date were two (2) Business Days prior to the date of such redemption.

THE NOTES ARE NOT BANK DEPOSITS AND ARE NOT INSURED OR GUARANTEED BY THE U.S. FEDERAL DEPOSIT INSURANCE CORPORATION OR ANY OTHER GOVERNMENTAL AGENCY, NOR ARE THEY OBLIGATIONS OF, OR GUARANTEED BY, A BANK.

THE NOTES DESCRIBED HEREIN HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”) OR THE SECURITIES LAW OF ANY STATE IN THE UNITED STATES, AND ARE SUBJECT TO U.S. TAX LAW REQUIREMENTS. THE NOTES DESCRIBED HEREIN MAY NOT BE OFFERED, SOLD OR DELIVERED AT ANY TIME, DIRECTLY OR INDIRECTLY, WITHIN THE UNITED STATES OR TO OR FOR THE ACCOUNT OF U.S. PERSONS (AS DEFINED IN EITHER REGULATIONS UNDER THE SECURITIES ACT OR THE UNITED STATES INTERNAL REVENUE CODE OF 1986, AS AMENDED), SEE “SUBSCRIPTION AND SALE” AND “NO OWNERSHIP BY U.S. PERSONS” IN THE ACCOMPANYING BASE PROSPECTUS.

Determination Agent

Morgan Stanley Capital Services Inc. will be the Determination Agent. All determinations made by the Determination Agent will be at the sole discretion of the Determination Agent and will, in the absence of manifest error be conclusive for all purposes and binding on you and on the Determination Agent. Because the Determination Agent is an affiliate of Morgan Stanley, the economic interests of the Determination Agent and its affiliates may be adverse to your interests as an owner of the Notes.

Additional Selling Restrictions

These Final Terms comprise the final terms required to list and have admitted to trading the issue of Notes described herein pursuant to the Program for the Issuance of Notes, Series A and B of Morgan Stanley.

THE NOTES HAVE NOT BEEN REGISTERED IN THE MEXICAN NATIONAL SECURITIES REGISTRY (*REGISTRO NACIONAL DE VALORES*) AND THEREFORE THEY ARE NOT THE SUBJECT OF A PUBLIC OFFER IN MEXICO. INTERMEDIATION OF THE NOTES IN MEXICO IS SUBJECT TO THE RESTRICTIONS OF THE MEXICAN SECURITIES MARKET LAW. ANY INVESTOR OF MEXICAN NATIONALITY THAT PURCHASES THESE NOTES WILL DO SO UNDER ITS OWN RESPONSIBILITY.

THE INFORMATION CONTAINED IN THESE FINAL TERMS IS THE EXCLUSIVE RESPONSIBILITY OF THE ISSUER (OTHER THAN THE INFORMATION RELATING TO THE ISSUER’S RATINGS AS PUBLISHED BY STANDARD & POOR’S AND MOODY’S) AND HAS NOT BEEN REVIEWED BY THE NATIONAL BANKING AND SECURITIES COMMISSION OF MEXICO (*COMISIÓN NACIONAL BANCARIA Y DE VALORES*).

RESPONSIBILITY

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

Signed on behalf of the Issuer:

By:

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Duly authorised

David K. Wong
Treasurer

PART B – OTHER INFORMATION

1. LISTING

Listing and admission to trading: London Stock Exchange

Admission to trading: Application has been made for the Notes to be admitted to trading on the London Stock Exchange.

Estimate of total expenses related to admission to trading: £1,500 GBP

2. RATINGS

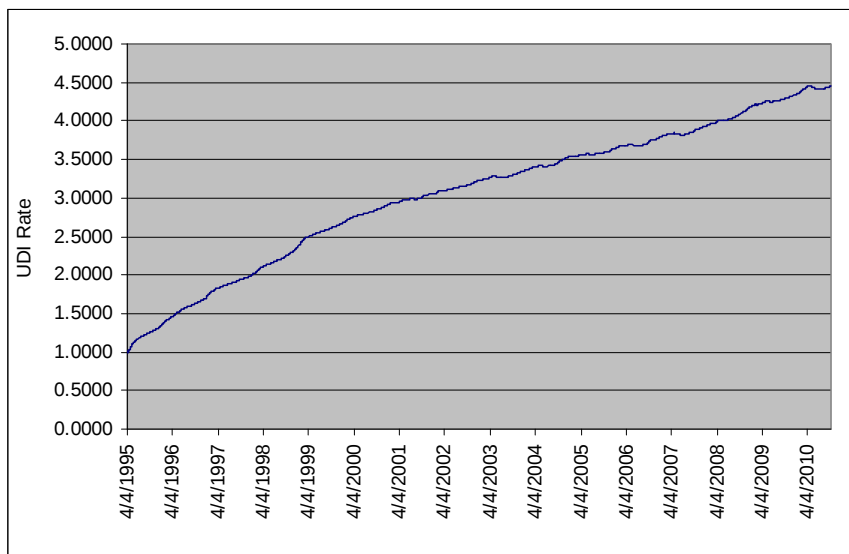
Ratings: We may but are under no obligation to apply to have the Notes rated by Standard and Poor's, a division of the McGraw Hill Companies, by Moody's Investors Service and/or by Fitch Ratings Ltd.

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

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

4. UDI RATE HISTORICAL PERFORMANCE

The following graph shows the UDI Rate from inception of the publication of such rate as of April 4, 1995 to October 10, 2010. Past UDI Rate is not an indication of future performance of the UDI Rate.



5. SELECTED KEY RISKS

Structure Specific Risk Factors

There is no guaranteed return of principal at maturity. At maturity of the Notes, you will receive an amount of cash for each Note equal to the MXN-UDI-Indexed Notional Amount of each Note. The MXN-UDI-Indexed Notional Amount is based on the Index Value on the final Valuation Date as compared to the Initial Index Value. If the Index Value determined as of the final Valuation Date is less than the Initial Index Value, you will receive less than your principal amount (including zero).

No guarantee of interest. The interest payable on each Interest Payment Date depends on the related Index Value. The amount of interest the Notes will pay on each Interest Payment Date will depend on whether the Index Value with respect to such Interest Payment Date increases or decreases from the Initial Index Value. If the Index Value on any Valuation Date is lower than the Initial Index Value, the MXN-UDI-Indexed Notional Amount for the relevant interest period will be lower than the principal amount of the Notes, and interest on the Notes for such period will be lower than interest payable to a note paying interest at the same Interest Rate as the Notes but based on the principal amount.

Market value of Notes may decline. If you try to sell your Notes on the secondary market prior to maturity, you may receive less than the stated principal amount for each Note depending, not only on current market interest rates and our creditworthiness, but also on the UDI Rate at such time.

Index Specific Risks Factors

If the UDI Rate is unavailable, the determination of the Index Value by the Determination Agent could adversely affect the value of the Notes. If *Banco de México* fails to calculate the UDI Rate for any day, or if such rate is not available for any day, then the Index Value shall be as determined by the Determination Agent at its sole discretion in good faith and in a commercially reasonable manner, without regards to your interest in the Notes.

General Risk Factor

The economic interests of the Determination Agent and other affiliates of ours are potentially adverse to your interests. The economic interests of the Determination Agent and other affiliates of ours are potentially adverse to your interests as an investor in the Notes.

As Determination Agent, Morgan Stanley Capital Services Inc. will calculate the amount of cash, if any, you will receive on each Interest Payment Date and at maturity. Determinations made by Morgan Stanley Capital Services Inc., in its capacity as Determination Agent, including with respect to the determination of the Index Value if the UDI Rate is not available for any day, may affect the payout to you on each Interest Payment Date and at maturity.

United States Federal Taxation. Non-U.S. Holders (as defined in the accompanying Base Prospectus) should read the discussion under “United States Federal Taxation” in the accompanying Base Prospectus concerning the U.S. federal income tax consequences of an investment in the Notes. We currently intend to treat the Notes as our indebtedness and not to withhold any amount paid on the Notes to a Non-U.S. Holder. However, due to the fact that the Notes do not guarantee a return of the full principal amount at maturity, no assurance can be given that the Internal Revenue Service (the “IRS”) will treat the Notes as indebtedness for U.S. federal tax purposes. Accordingly, if the IRS were successful in asserting an alternative characterization of the Notes, U.S. withholding tax (currently at a

rate of 30%) could apply in respect of the amounts paid to a Non-U.S. Holder. In addition, backup withholding (currently at a rate of 28%) could apply in respect of such amounts unless the Non-U.S. Holder complies with certain certification requirements or otherwise establishes an exemption from backup withholding. In the event that withholding or deduction of those taxes is required by law, payments on the Notes will be made net of withholding taxes paid or required to be deducted or withheld, and we will not be required to pay any additional amounts to Non-U.S. Holders with respect to any taxes withheld. Non-U.S. Holders should consult their tax advisers regarding all aspects of the U.S. federal tax consequences of an investment in the Notes, as well as any tax consequences arising under the laws of any state, local or foreign taxing jurisdiction.

6. OPERATIONAL INFORMATION

ISIN: XS0545981572

Common Code: 054598157

New Global Note No

Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream and the relevant identification number(s): S.D. Indeval Institución para el Depósito de Valores, S.A. de C.V.

Delivery: Delivery against payment

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

Intended to be held in a manner which would allow Eurosystem eligibility: No