Morgan Stanley Bank

Market-Linked Certificates of Deposit

Jump Market-Linked Certificates of Deposit with Auto-Callable Feature due September 29, 2033

Based on the Performance of the S&P® U.S. Equity Momentum 40% VT 4% Decrement Index

- The Market-Linked Certificates of Deposit (the "CDs") are time deposit obligations of Morgan Stanley Bank, N.A. The deposit amount of each CD is insured by the Federal Deposit Insurance Corporation (the "FDIC") up to the applicable limits. The CDs do not provide for the regular payment of interest and have the terms described in the accompanying terms supplement, index supplement and disclosure statement, as supplemented or modified by this document.
- **Automatic early redemption.** The CDs will be automatically redeemed if the closing level of the underlier is **greater than or equal to** the call threshold level on any determination date (other than the final determination date) for an early redemption payment that will increase over the term of the CDs. No further payments will be made on the CDs once they have been automatically redeemed.
- **Payment at maturity.** If the CDs have not been automatically redeemed prior to maturity and the final level is **greater than** the initial level, investors will receive the deposit amount *plus* the upside payment. If, however, the final level is **equal to or less than** the initial level, investors will receive only the deposit amount at maturity.
- The CDs are for investors who are concerned about principal risk and who are willing to forgo current income in exchange for the repayment of the deposit amount at maturity, insured by the FDIC up to the applicable limits, and the possibility of receiving an early redemption payment or payment at maturity that exceeds the deposit amount.
- The S&P® U.S. Equity Momentum 40% VT 4% Decrement Index (the "underlying index") is a rules-based, long-only index that was developed by S&P® Dow Jones Indices LLC ("S&P®"), in coordination with Morgan Stanley, and was established on March 14, 2022.
For more information see "Annex A—S&P® U.S. Equity Momentum 40% VT 4% Decrement Index" below and "Risk Factors—Risks Relating to the Underlier(s)" below.
- **The CDs are insured only within the limits and to the extent described in this document and in the accompanying terms supplement and disclosure statement. See "Risk Factors—The deposit amount of any CDs owned in excess of the limit on FDIC insurance is not insured by the FDIC" in this document. Any payment on the CDs in excess of FDIC insurance limits is subject to our credit risk.**

TERMS	
Issuer:	Morgan Stanley Bank, N.A. ("us" or "we")
Deposit amount:	$1,000 per CD
Issue price:	$1,000 per CD
Aggregate amount deposited:	$
Underlier:	S&P® U.S. Equity Momentum 40% VT 4% Decrement Index (the "underlying index")
Strike date:	September 25, 2026
Pricing date:	September 25, 2026
Original issue date:	September 30, 2026
Final determination date:	September 26, 2033, subject to postponement for non-trading days and certain market disruption events
Maturity date:	September 29, 2033

Terms continued on the following page

Estimated value on the pricing date:	Approximately $934.20 per CD, or within $55.00 of that estimate. See "Estimated Value of the CDs" on page 4.
Fee:	Under the arrangements established by the brokers with the Issuer, each broker will receive a fee of $ per $1,000 CD, or % of the deposit amount of the CDs, which includes compensation paid to other brokers. An affiliate of the Issuer may also receive fees from the Issuer in respect of hedging arrangements entered into with respect to the CDs.

The CDs involve risks not associated with an investment in conventional certificates of deposit. See "Risk Factors" beginning on page 10.

The CDs referenced hereby are time deposit obligations of the Issuer, a national bank chartered by the Office of the Comptroller of the Currency, the deposits of which are insured by the Federal Deposit Insurance Corporation within the limits and only to the extent described in the disclosure statement under the section entitled "Deposit Insurance." In addition, unless and until (i) a payment on the CDs has been calculated and (ii) the Issuer has become obligated to make that payment on the CDs, if any, the FDIC likely would take the position that such payment is neither insured nor represents a valid claim against the FDIC as conservator or receiver. The FDIC has also taken the position that any secondary market premium paid by a depositor above the deposit amount of the CDs would not be insured or recognized by the FDIC. For more information on deposit insurance, see the information set forth under "Deposit Insurance" in the accompanying disclosure statement.

The CDs referenced hereby are obligations of the Issuer only and are not obligations of your brokers or of Morgan Stanley or any other affiliate of the Issuer.

Broker-dealers may use this disclosure supplement and the accompanying disclosure statement in connection with offers and sales of the CDs after the date hereof.

References in this disclosure supplement to the Issuer may include affiliates of the Issuer that provide services to the Issuer related to the CDs pursuant to service-level agreements.

Terms Supplement dated July 14, 2025 Index Supplement dated July 14, 2025 Disclosure Statement dated April 30, 2020

Terms continued from the previous page

Automatic early redemption:	The CDs are not subject to automatic early redemption until the first determination date. If, on any determination date (other than the final determination date), the closing level of the underlier is **greater than or equal to** the call threshold level, the CDs will be automatically redeemed for the applicable early redemption payment on the related early redemption date. No further payments will be made on the CDs once they have been automatically redeemed, and investors will not participate in any appreciation of the underlier if the CDs are automatically redeemed prior to maturity. The CDs will not be redeemed on any early redemption date if the closing level of the underlier is **less than** the call threshold level on the related determination date.
First determination date:	September 27, 2027. Under no circumstances will the CDs be redeemed prior to the first determination date.
Call threshold level:	, which is 100% of the initial level
Determination dates:	As set forth under "Determination Dates, Early Redemption Dates and Early Redemption Payments" below, subject to postponement for non-trading days and certain market disruption events
Early redemption payment:	The early redemption payment with respect to a determination date will be an amount in cash per deposit amount corresponding to a return of approximately at least 7.10% *per annum*, as set forth under "Determination Dates, Early Redemption Dates and Early Redemption Payments" below. The actual early redemption payment amounts will be determined on the pricing date.
Early redemption dates:	As set forth under "Determination Dates, Early Redemption Dates and Early Redemption Payments" below
Payment at maturity per CD:	If the CDs have not been automatically redeemed prior to maturity, investors will receive a payment at maturity determined as follows: • If the final level is greater than the initial level: deposit amount + upside payment • If the final level is equal to or less than the initial level: deposit amount
Final level:	The closing level of the underlier on the final determination date
Initial level:	, which is the closing level of the underlier on the strike date
Upside payment:	deposit amount × participation rate × underlier percent change
Participation rate:	100%
Underlier percent change:	(final level - initial level) / initial level
CUSIP:	61779WCP3
ISIN:	US61779WCP32

Determination Dates, Early Redemption Dates and Early Redemption Payments

Determination Date		Early Redemption Date	Early Redemption Payment (per CD)
#1	September 27, 2027	September 30, 2027	At least $1,071.00
#2	December 27, 2027	December 30, 2027	At least $1,088.75
#3	March 27, 2028	March 30, 2028	At least $1,106.50
#4	June 26, 2028	June 29, 2028	At least $1,124.25
#5	September 25, 2028	September 28, 2028	At least $1,142.00
#6	December 26, 2028	December 29, 2028	At least $1,159.75
#7	March 26, 2029	March 29, 2029	At least $1,177.50
#8	June 25, 2029	June 28, 2029	At least $1,195.25
#9	September 25, 2029	September 28, 2029	At least $1,213.00
#10	December 26, 2029	December 31, 2029	At least $1,230.75
#11	March 25, 2030	March 28, 2030	At least $1,248.50
#12	June 25, 2030	June 28, 2030	At least $1,266.25
#13	September 25, 2030	September 30, 2030	At least $1,284.00
#14	December 26, 2030	December 31, 2030	At least $1,301.75
#15	March 25, 2031	March 28, 2031	At least $1,319.50
#16	June 25, 2031	June 30, 2031	At least $1,337.25
#17	September 25, 2031	September 30, 2031	At least $1,355.00

Determination Date		Early Redemption Date	Early Redemption Payment (per CD)
#18	December 26, 2031	December 31, 2031	At least $1,372.75
#19	March 25, 2032	March 31, 2032	At least $1,390.50
#20	June 25, 2032	June 30, 2032	At least $1,408.25
#21	September 27, 2032	September 30, 2032	At least $1,426.00
#22	December 27, 2032	December 30, 2032	At least $1,443.75
#23	March 25, 2033	March 30, 2033	At least $1,461.50
#24	June 27, 2033	June 30, 2033	At least $1,479.25

Information Relating to an Investment in the CDs

Estimated Value of the CDs

The deposit amount of each CD is $1,000. This price includes costs associated with issuing, selling, structuring and hedging the CDs, which are borne by you, and, consequently, the estimated value of the CDs on the pricing date will be less than $1,000. Our estimate of the value of the CDs as determined on the pricing date will be within the range specified on the cover hereof and will be set forth on the cover of the final disclosure supplement.

What goes into the estimated value on the pricing date?

In valuing the CDs on the pricing date, we take into account that the CDs comprise both a debt component and a performance-based component linked to the underlier. The estimated value of the CDs is determined using our own pricing and valuation models, market inputs and assumptions relating to the underlier, instruments based on the underlier, volatility and other factors including current and expected interest rates, as well as our estimated secondary market rate, which is described below.

What determines the economic terms of the CDs?

In determining the economic terms of the CDs, we use an internal funding rate, which is likely to be lower than our estimated secondary market rate and therefore advantageous to us. If the issuing, selling, structuring and hedging costs borne by you were lower or if the internal funding rate were higher, one or more of the economic terms of the CDs would be more favorable to you.

What is our estimated secondary market rate?

The estimated value of the debt component is based on a reference interest rate that is our good faith estimate of the implied interest rate at which our debt securities of the same maturity would trade in the secondary market, as determined as of a recent date. While the CDs are not debt securities, we use this estimated secondary market rate for debt securities for purposes of determining the estimated value of the CDs since we expect secondary market prices, if any, for the CDs that are provided by brokers to generally reflect such rate, and not the rate at which brokered CDs issued by us may trade. We determine the estimated value of the CDs based on this estimated secondary market rate, rather than the internal funding rate that it uses to determine the economic terms of the CDs, for the same reason. As we are principally a deposit-taking institution, secondary market activities in our debt securities are limited, and, accordingly, we determine this estimated secondary market rate based on a number of factors that involve the good faith discretionary judgment of us, as well as a limited number of market-observable inputs. Because we do not continuously calculate our reference interest rate, the reference interest rate used in the calculation of the estimated value of the debt component may be higher or lower than our estimated secondary market rate at the time of that calculation.

What is the relationship between the estimated value on the pricing date and the secondary market price of the CDs?

The price at which MS & Co. or any other broker purchases the CDs in the secondary market, absent changes in market conditions, including those related to the underlier, may vary from, and be lower than, the estimated value on the pricing date, because the secondary market price takes into account the bid-offer spread that MS & Co. or any other broker would charge in a secondary market transaction of this type and other factors. However, because the costs associated with issuing, selling, structuring and hedging the CDs are not fully deducted upon issuance, to the extent that MS & Co. or any other broker may buy or sell the CDs in the secondary market during the amortization period specified herein, absent changes in market conditions, including those related to the underlier, and to our estimated secondary market rates, it would do so based on values higher than the estimated value. We expect that those higher values will also be reflected in your brokerage account statements.

MS & Co. or any other broker may, but is not obligated to, make a market in the CDs, and, if it once chooses to make a market, may cease doing so at any time.

FDIC Insurance

The CDs are time deposit obligations of the Issuer and are insured by the FDIC up to applicable limits set by federal law and regulation. In general, the deposit amount of the CDs is protected by federal deposit insurance and backed by the U.S. government to a maximum amount of $250,000 for all deposits held by you in the same ownership capacity with the Issuer as described in the disclosure statement under “Deposit Insurance.” The deposit amount of any CDs owned in excess of these limits is not insured by the FDIC. Each holder is responsible for monitoring the total amount of its deposits with the Issuer in order to determine the extent of deposit insurance coverage available to it on such deposits, including the CDs and the deposits swept to the Issuer from brokerage accounts held at our affiliate. Claims of depositors are entitled to a preference in right of payment over claims of general unsecured creditors in the event of a liquidation or other resolution of any FDIC-insured depository institution. However, there can be no assurance that a depositor would receive the entire uninsured deposit amount of CDs in any such liquidation or other resolution. In addition, unless and until (i) a payment on the CDs has been calculated and (ii) the Issuer has become obligated to make that payment on the CDs, if any, the FDIC likely would take the position that such payment is neither insured nor represents a valid claim against the FDIC as conservator or receiver. Accordingly, any payment due with respect to the CDs likely would be neither insured nor recognized by the FDIC prior to its calculation on the relevant determination date .

Holding CDs in Individual Retirement Account

The CDs may be held in an individual retirement account. See “Deposit Insurance” in the accompanying disclosure statement for more detailed information.

Hypothetical Examples

The following hypothetical examples illustrate how to determine whether the CDs will be automatically redeemed with respect to a determination date and how to calculate the payment at maturity if the CDs have not been automatically redeemed prior to maturity. The following examples are for illustrative purposes only. Whether the CDs are automatically redeemed prior to maturity will be determined by reference to the closing level of the underlier on each determination date. The payment at maturity will be determined by reference to the closing level of the underlier on the final determination date. The actual initial level and call threshold level will be determined on the strike date. The numbers in the hypothetical examples below may have been rounded for ease of analysis. The below examples are based on the following terms:

Deposit amount:	$1,000 per CD
Hypothetical initial level:	100.00*
Hypothetical call threshold level:	100.00, which is 100% of the hypothetical initial level
Hypothetical early redemption payment:	The early redemption payment with respect to a determination date will be an amount in cash per deposit amount corresponding to a return of approximately 7.10% *per annum*, as follows:

Determination Date	Payment per CD
#1	$1,071.00
#2	$1,088.75
#3	$1,106.50
#4	$1,124.25
#5	$1,142.00
#6	$1,159.75
#7	$1,177.50
#8	$1,195.25
#9	$1,213.00
#10	$1,230.75
#11	$1,248.50
#12	$1,266.25
#13	$1,284.00
#14	$1,301.75
#15	$1,319.50
#16	$1,337.25
#17	$1,355.00
#18	$1,372.75
#19	$1,390.50
#20	$1,408.25
#21	$1,426.00
#22	$1,443.75
#23	$1,461.50
#24	$1,479.25

No further payments will be made on the CDs once they have been automatically redeemed.

Participation rate:	100%

*The hypothetical initial level of 100.00 for the underlier has been chosen for illustrative purposes only and does not represent the actual initial level of the underlier. Please see "Historical Information" below for historical data regarding the actual closing levels of the underlier.

How to determine whether the CDs will be automatically redeemed with respect to a determination date:

	Closing Level of the Underlier	Early Redemption Payment
Hypothetical Determination Date #1	90.00 (**less than** the call threshold level)	N/A
Hypothetical Determination Date #2	130.00 (**greater than or equal to** the call threshold level)	$1,088.75

On hypothetical determination date #1, because the closing level of the underlier is **less than** the call threshold level, the CDs are not automatically redeemed on the related early redemption date.

On hypothetical determination date #2, because the closing level of the underlier is **greater than or equal to** the call threshold level, the CDs are automatically redeemed on the related early redemption date for an early redemption payment corresponding to a return of approximately 7.10% *per annum*. No further payments are made on the CDs once they have been automatically redeemed. Investors do not participate in any appreciation of the underlier.

If the closing level of the underlier is less than the call threshold level on each determination date, the CDs will not be automatically redeemed prior to maturity.

How to calculate the payment at maturity (if the CDs have not been automatically redeemed):

The hypothetical examples below illustrate how to calculate the payment at maturity if the CDs have not been automatically redeemed prior to maturity.

	Final Level	Payment at Maturity per CD
Example #1	110.00 (**greater than** the initial level)	deposit amount + upside payment = deposit amount + (deposit amount × participation rate × underlier percent change) = $1,000 + ($1,000 × 100% × 10%) = $1,100
Example #2	80.00 (**equal to or less than** the initial level)	$1,000

In example #1, the final level is **greater than** the initial level. Therefore, investors receive at maturity the deposit amount *plus* 100% of the appreciation of the underlier over the term of the CDs.

In example #2, the final level is **equal to or less than** the initial level. Therefore, investors receive at maturity the deposit amount.

Risk Factors

This section describes the material risks relating to the CDs. For further discussion of these and other risks, you should read the section entitled "Risk Factors" in the accompanying terms supplement. We also urge you to consult with your investment, legal, tax, accounting and other advisers in connection with your investment in the CDs.

Risks Relating to an Investment in the CDs

- **The CDs differ from conventional certificates of deposit and may not pay more than the deposit amount at maturity.** The CDs combine exposure to equity markets and features of traditional certificates of deposit. The return on your investment in the CDs may be less than the amount that would be paid on a conventional certificate of deposit. If the CDs have not been automatically redeemed prior to maturity and the final level is **equal to or less than** the initial level, you will receive only the deposit amount at maturity, and you will not receive a positive return on your investment. You will receive at least the deposit amount of your CDs if you hold the CDs to maturity, regardless of the performance of the underlier, subject to our creditworthiness with respect to any amount in excess of applicable FDIC insurance limits.
- **The CDs do not pay interest.** Because the CDs do not pay interest, if the CDs have not been automatically redeemed prior to maturity and the final level is **equal to or less than** the initial level, you will not receive a positive return on your investment, in which case the overall return on the CDs (the effective yield to maturity) will be less than the amount that would be paid on a conventional certificate of deposit. Accordingly, the return of only the deposit amount at maturity will not compensate you for the effects of inflation and other factors relating to the value of money over time.
- **If the CDs are automatically redeemed prior to maturity, the appreciation potential of the CDs is limited by the fixed early redemption payment specified for each determination date.** If the closing level of the underlier is greater than or equal to the call threshold level on any determination date, the appreciation potential of the CDs is limited by the applicable fixed early redemption payment, and no further payments will be made on the CDs once they have been redeemed. If the CDs are automatically redeemed prior to maturity, you will not participate in any appreciation of the underlier.
- **The CDs are subject to early redemption risk.** The term of your investment in the CDs may be shortened due to the automatic early redemption feature of the CDs. If the CDs are automatically redeemed prior to maturity, you will receive no further payments on the CDs, may be forced to invest in a lower interest rate environment and may not be able to reinvest at comparable terms or returns. However, under no circumstances will the CDs be redeemed prior to the first determination date.
- **If the CDs are not redeemed prior to maturity, the amount payable on the CDs is not linked to the value of the underlier at any time other than the final determination date**. If the CDs are not redeemed prior to maturity, the final level will be based on the closing level of the underlier on the final determination date, subject to postponement for non-trading days and certain market disruption events. Even if the value of the underlier appreciates prior to the final determination date but then drops by the final determination date, the payment at maturity may be less than it would have been had the payment at maturity been linked to the value of the underlier prior to such drop.
- **The deposit amount of any CDs owned in excess of the limit on FDIC insurance is not insured by the FDIC.** The CDs are deposit obligations of the Issuer and are insured by the FDIC up to applicable limits set by federal law and regulation, currently $250,000 for all deposits held by you in the same ownership capacity at the Issuer, as described in the disclosure statement under "Deposit Insurance." The deposit amount of any CDs owned in excess of this limit would not be insured or recognized by the FDIC. Under federal legislation adopted in 1993, claims of depositors are entitled to a preference in right of payment over claims of general unsecured creditors in the event of a liquidation or other resolution of any FDIC-insured depository institution. However, there can be no assurance that a depositor would receive the entire uninsured amount of the CDs in any such liquidation or other resolution. Additionally, because any payment due with respect to the CDs in excess of the deposit amount will be calculated on a determination date, any such potential payment on the CDs likely would not be eligible for federal deposit insurance prior to such determination date and is subject to our credit risk.
- **Unless the CDs are automatically redeemed, the CDs are designed to be held to maturity.** The CDs are not designed to be short-term trading instruments. If you are able to sell your CDs prior to maturity, the price at which you may be able to sell your CDs is likely to be at a substantial discount from the deposit amount of the CDs. The return of the deposit amount applies only at maturity. Accordingly, you should be willing and able to hold the CDs to maturity.
- **You have no right to withdraw your funds prior to the stated maturity date of the CDs except upon your death or adjudication of incompetence.** By your purchase of a CD, you are deemed to represent to us that your deposits with us, including the CDs, when aggregated in accordance with FDIC regulations are within the $250,000 FDIC insurance limit for each ownership capacity. For purposes of early withdrawal upon your death or adjudication of incompetence, we will limit the combined aggregate deposit amount of (i) these CDs and (ii) any other CDs of ours subject to this withdrawal limit to the FDIC insurance coverage amount applicable to each ownership capacity in which such CDs are held. All issues regarding eligibility for early withdrawal will be determined by us in our sole discretion. Due to the restrictions on early withdrawals, you should not expect us to allow you to have access to your funds prior to the stated maturity date of the CDs.

- **The CDs could be repudiated or transferred to another institution if the FDIC were to be appointed as conservator or receiver of the Issuer.** If the FDIC were appointed as conservator or receiver of the Issuer, the FDIC would be authorized to disaffirm or repudiate any contract to which the Issuer is a party, the performance of which was determined to be burdensome, and the disaffirmance or repudiation of which was determined to promote the orderly administration of the Issuer's affairs. It is likely that for this purpose, deposit obligations, such as the CDs, would be considered "contracts" within the meaning of the foregoing and that the CDs could be repudiated by the FDIC as conservator or receiver of the Issuer. Such repudiation should result in a claim by a depositor against the conservator or receiver for the deposit amount of the CDs and any accrued interest. No claim would be available, however, for any secondary market premium paid by a depositor above the deposit amount of a CD and no claims likely would be available for any payment due with respect to the CDs if the Issuer failed prior to the applicable determination date. The FDIC as conservator or receiver may also transfer to another insured depository institution any of the insolvent institution's assets and liabilities, including liabilities such as the CDs, without the approval or consent of the beneficial owners of the CDs. The transferee depository institution would be permitted to offer beneficial owners of the CDs the choice of (i) repayment of the deposit amount of the CDs or (ii) substitute terms which may be less favorable. If a CD is paid off prior to its stated maturity date, either by a transferee depository institution or the FDIC, its beneficial owner may not be able to reinvest the funds at the same rate of return as the rate on the original CD.

- **The market price of the CDs may be influenced by many unpredictable factors.** Several factors, many of which are beyond our control, will influence the value of the CDs in the secondary market and the price, if any, at which your broker may be willing to purchase or sell the CDs in the secondary market. We expect that generally the value of the underlier at any time will affect the value of the CDs more than any other single factor. Other factors that may influence the value of the CDs include:

    - the volatility (frequency and magnitude of changes in value) of the underlier;
    - interest and yield rates in the market;
    - geopolitical conditions and economic, financial, political, regulatory or judicial events that affect the underlier or markets generally;
    - the composition of the underlier and changes in such composition;
    - the time remaining until the CDs mature; and
    - any actual or anticipated changes in our credit ratings or credit spreads.

  Generally, the longer the time remaining to maturity, the more the market price of the CDs will be affected by the other factors described above. You may receive less, and possibly significantly less, than the deposit amount per CD if you try to sell your CDs prior to maturity.

  You can review the historical closing levels of the underlier in the section of this document called "Historical Information." You cannot predict the future performance of the underlier based on its historical performance. The value of the underlier may be, and has recently been, volatile, and we can give you no assurance that the volatility will lessen. There can be no assurance that the closing level of the underlier will be **greater than or equal to** the call threshold level on any determination date, or that the final level will be **greater than** the initial level, so that you will receive a payment on the CDs that exceeds the deposit amount of the CDs.

- **The CDs may be subject to our credit risk.** If you are a depositor at the Issuer and you purchase a deposit amount of the CDs, which, when aggregated with all other deposits held by you in the same ownership capacity at the Issuer, exceeds applicable FDIC insurance limits, you will be subject to our credit risk, and our credit ratings and credit spreads may adversely affect the market value of the CDs. You are dependent on our ability to pay amounts due on the CDs in excess of applicable FDIC insurance limits at maturity or on any other payment dates with respect to the CDs, and you are therefore subject to our credit risk and to changes in the market's view of our creditworthiness. Any decline in our credit ratings or increase in the credit spreads charged by the market for taking our credit risk may adversely affect the market value of the CDs.

- **The rate we are willing to pay for CDs of this type, maturity and issuance size is likely to be lower than our estimated secondary market rates and advantageous to us. Both the lower rate and the inclusion of costs associated with issuing, selling, structuring and hedging the CDs in the deposit amount reduce the economic terms of the CDs, cause the estimated value of the CDs to be less than the deposit amount and will adversely affect secondary market prices.** Assuming no change in market conditions or any other relevant factors, the prices, if any, at which brokers, including MS & Co., may be willing to purchase the CDs in secondary market transactions will likely be significantly lower than the deposit amount, because secondary market prices will exclude the issuing, selling, structuring and hedging-related costs that are included in the deposit amount and borne by you and because the secondary market prices will reflect the bid-offer spread that any broker would charge in a secondary market transaction of this type as well as other factors.

  The inclusion of the costs of issuing, selling, structuring and hedging the CDs in the deposit amount and the lower rate we are willing to pay as issuer make the economic terms of the CDs less favorable to you than they otherwise would be.

  However, because the costs associated with issuing, selling, structuring and hedging the CDs are not fully deducted upon issuance, to the extent that MS & Co. or any other broker may buy or sell the CDs in the secondary market during the amortization period specified herein, absent changes in market conditions, including those related to the underlier, and to our estimated secondary market rates, 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 CDs is determined by reference to our pricing and valuation models, which may differ from those of other brokers 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 CDs, our models may yield a higher estimated value of the CDs than those generated by others, including other brokers in the market, if they attempted to value the CDs. In addition, the estimated value on the pricing date does not represent a minimum or maximum price at which brokers, including MS & Co., would be willing to purchase your CDs in the secondary market (if any exists) at any time. The value of your CDs 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 of the CDs may be influenced by many unpredictable factors" above.
- **The CDs are not trading instruments.** The CDs are not trading instruments and there may be little or no secondary market for the CDs. Even if there is a secondary market, it may not provide enough liquidity to allow you to trade or sell your CDs easily. Each broker, though not obligated to do so, may maintain a secondary market in the CDs. Each broker may at any time, without notice, discontinue participation in secondary market transactions in the CDs. Accordingly, you should not rely on the possible existence of a secondary market for any benefits, including liquidity, achieving trading profits or realizing income prior to maturity.
- **Your return on the CDs may be lower than the return you would receive on other available investments.** The return on your investment in the CDs may be less than the return you could have earned on other available investments. Your investment may not reflect the full opportunity cost to you when you take into account factors that affect the time value of money. This is because you have lost the use of the deposit amount deposited for the term of the CD. Opportunity cost is generally quantified by reference to a "risk-free rate of return" that could have been achieved had the deposit amount deposited been invested in safe fixed-income securities, such as U.S. Treasury bills, for the same period.
- **As discussed in more detail in the accompanying terms supplement, investing in the CDs is not equivalent to investing in the underlier(s).**
- **You may be required to recognize taxable income on the CDs prior to maturity.** If you are a U.S. investor in a CD, under the treatment of a CD as a contingent payment debt instrument, you will generally be required to recognize taxable interest income in each year that you hold the CD. In addition, any gain you recognize under the rules applicable to contingent payment debt instruments will generally be treated as ordinary interest income rather than capital gain. You should review carefully the section entitled "United States Federal Income Tax Considerations" herein, in combination with the section entitled "United States Federal Income Tax Considerations" in the accompanying terms supplement, and consult your tax adviser regarding the U.S. federal income tax consequences of an investment in the CDs.

Risks Relating to the Underlier(s)

- ***Because your return on the CDs will depend upon the performance of the underlier(s), the CDs are subject to the following risk(s), as discussed in more detail in the accompanying terms supplement.***
- **No assurance can be given that the investment strategy used to construct the underlying index will achieve its intended results or that the underlying index will be successful or will outperform any alternative index or strategy that might reference the Index Components.** No assurance can be given that the investment strategy on which the underlying index is based will be successful or that the underlying index will outperform any alternative strategy that might be employed with respect to the Index Components. The underlying index has been developed based on predetermined rules that may not prove to be advantageous or successful, and that will not be adjusted for market conditions.
- **The decrement of 4% per annum will adversely affect the performance of the underlying index in all cases, whether the underlying index appreciates or depreciates. The S&P® U.S. Equity Momentum 40% VT 4% Decrement Index includes a decrement feature, whereby 4% per annum is deducted daily from the level of the underlying index.** The level of the Base Index will track the performance of an index from which no such decrement is deducted, and as a result, the underlying index will underperform the tracked index in all cases. The level of the underlying index may decline even if the constituents of the Base Index appreciate. Because of the deduction of the decrement, the underlying index will underperform the performance of an identical index without such a decrement feature.
- **The underlying index is subject to risks associated with the use of significant leverage.** At times, the underlying index will use significant leverage in an effort to achieve its target volatility. When the underlying index employs leverage, any declines in the prices of the Index Components will be magnified, resulting in accelerated losses.

- **The underlying index may not be fully invested.** On a weekly index rebalance day, the underlying index's exposure to the Index Components will be less than 100% when the implied volatility of the Index Components is above 40%. If the underlying index's exposure to the Index Components is less than 100%, the underlying index will not be fully invested, and any uninvested portion will earn no return. The underlying index may be significantly uninvested on any given day, and will realize only a portion of any gains due to appreciation of the Index Components on any such day. Additionally, the 4.0% per annum decrement is deducted daily, even when the underlying index is not fully invested.

- **The underlying index was established on March 14, 2022 and therefore has very limited operating history.** The performances of the underlying index and some of the component data have been retrospectively simulated for the period from January 1, 2020 to March 11, 2022. As such, performance for periods prior to the establishment of the underlying index has been retrospectively simulated by Morgan Stanley & Co. LLC on a hypothetical basis. A retrospective simulation means that no actual investment which allowed a tracking of the performance of the underlying index existed at any time during the period of the retrospective simulation. The methodology and the underlying index used for the calculation and retrospective simulation of the underlying index has been developed with the advantage of hindsight. In reality, it is not possible to invest with the advantage of hindsight and therefore this historical performance is purely theoretical and may not be indicative of future performance.

- **As the underlying index is new and has very limited historical performance, any investment in the underlying index may involve greater risk than an investment in an index with longer actual historical performance and a proven track record.** All information regarding the performance of the underlying index prior to March 14, 2022 is hypothetical and back-tested, as the underlying index did not exist prior to that time. It is important to understand that hypothetical back-tested index performance information is subject to significant limitations, in addition to the fact that past performance is never a guarantee of future performance. In particular:

    - S&P® Dow Jones Indices LLC developed the rules of the underlying index with the benefit of hindsight - that is, with the benefit of being able to evaluate how the underlying index rules would have caused the underlying index to perform had it existed during the hypothetical back-tested period.

    - The hypothetical back-tested performance of the underlying index might look different if it covered a different historical period. The market conditions that existed during the historical period covered by the hypothetical back-tested index performance information in this note are not necessarily representative of the market conditions that will exist in the future.

    - It is impossible to predict whether the underlying index will rise or fall. The actual future performance of the underlying index may bear little relation to the historical or hypothetical back-tested levels of the underlying index.

- **Higher future prices of the futures contracts to which the underlying index is linked relative to their current prices may adversely affect the value of the underlying index and the value of the CDs.** The Index Components are selected from a universe of three equity futures contracts currently listed for trading on the CME. As the relevant futures contract approaches expiration, it is replaced by a contract that has a later expiration. Thus, for example, a contract purchased and held in September may specify a December expiration. As time passes, the contract expiring in December is replaced by a contract for delivery in March. This process is referred to as “rolling.” If the market for these contracts is (putting aside other considerations) in “backwardation,” where the prices are lower in the distant delivery months than in the nearer delivery months, the sale of the December contract would take place at a price that is higher than the price of the March contract, thereby creating a “roll yield.” While many futures contracts have historically exhibited consistent periods of backwardation, backwardation will most likely not exist at all times. It is also possible for the market for these contracts to be in “contango.” Contango markets are those in which the prices of contracts are higher in the distant delivery months than in the nearer delivery months. The presence of contango and absence of backwardation in the market for these contracts could result in negative “roll yields,” which could adversely affect the value of the underlying index, and, accordingly, the value of the CDs.

- **Suspensions or disruptions of market trading in futures markets could adversely affect the price of the CDs.** Securities markets and futures markets are subject to temporary distortions or other disruptions due to various factors, including the lack of liquidity in the markets, the participation of speculators and government regulation and intervention. In addition, U.S. futures exchanges and some foreign exchanges have regulations that limit the amount of fluctuation in futures contract prices which may occur during a single business day. These limits are generally referred to as “daily price fluctuation limits” and the maximum or minimum price of a contract on any given day as a result of these limits is referred to as a “limit price.” Once the limit price has been reached in a particular contract, no trades may be made at a different price. Limit prices have the effect of precluding trading in a particular contract or forcing the liquidation of contracts at disadvantageous times or prices. These circumstances could adversely affect the value of the underlying index, and, therefore, the value of the CDs.

- **Legal and regulatory changes could adversely affect the return on and value of your CDs.** Futures contracts and options on futures contracts, including those related to the underlying index, are subject to extensive statutes, regulations, and margin requirements. The Commodity Futures Trading Commission, commonly referred to as the "CFTC," and the exchanges on which such futures contracts trade, are authorized to take extraordinary actions in the event of a market emergency, including, for example, the retroactive implementation of speculative position limits or higher margin requirements, the establishment of daily limits and the suspension of trading. Furthermore, certain exchanges have regulations that limit the amount of fluctuations in futures contract prices that may occur during a single five-minute trading period. These limits could adversely affect the market prices of relevant futures and options contracts and forward contracts.
- **The E-mini Russell 2000 Futures are one of the Index Components and are subject to risks associated with small-capitalization companies.** The E-mini Russell 2000 Futures are one of the Index Components and are based on the Russell 2000® Index, which consists of stocks issued by companies with relatively small market capitalization. Therefore, at times, the underlying index will be based in part on the value of small-capitalization companies. These companies often have greater stock price volatility, lower trading volume and less liquidity than large-capitalization companies and therefore the E-mini Russell 2000 Futures may be more volatile than futures contracts based on indices that consist of stocks issued by large-capitalization companies. Stock prices of small-capitalization companies are also more vulnerable than those of large-capitalization companies to adverse business and economic developments, and the stocks of small-capitalization companies may be thinly traded. In addition, small capitalization companies are typically less well-established and less stable financially than large-capitalization companies and may depend on a small number of key personnel, making them more vulnerable to loss of personnel. Such companies tend to have smaller revenues, less diverse product lines, smaller shares of their product or service markets, fewer financial resources and less competitive strengths than large-capitalization companies and are more susceptible to adverse developments related to their products.
- **Adjustments to the underlying index could adversely affect the value of the CDs.** The publisher of the underlying index may add, delete or substitute the Index Components or make other methodological changes that could change the value of the underlying index. Any of these actions could adversely affect the value of the CDs. The publisher of the underlying index may also discontinue or suspend calculation or publication of the underlying index at any time. In these circumstances, MS & Co., as the calculation agent, will have the sole discretion to substitute a successor index that is comparable to the discontinued index. MS & Co. could have an economic interest that is different than that of investors in the CDs insofar as, for example, MS & Co. is permitted to consider indices that are calculated and published by MS & Co. or any of its affiliates.

Risks Relating to Conflicts of Interest

In engaging in certain activities described below and as discussed in more detail in the accompanying terms supplement, our affiliates may take actions that may adversely affect the value of and your return on the CDs, and in so doing they will have no obligation to consider your interests as an investor in the CDs.

- **The calculation agent, which is an affiliate of the Issuer, will make determinations with respect to the CDs.** As calculation agent, MS & Co. will make any determinations necessary to calculate any payment(s) on the CDs. Moreover, certain determinations made by MS & Co., in its capacity as calculation agent, may require it to exercise discretion and make subjective judgments, which may adversely affect your return on the CDs. In addition, MS & Co. has determined the estimated value of the CDs on the pricing date.
- **Hedging and trading activity by our affiliates could potentially adversely affect the value of the CDs.**

Historical Information

S&P® U.S. Equity Momentum 40% VT 4% Decrement Index Overview

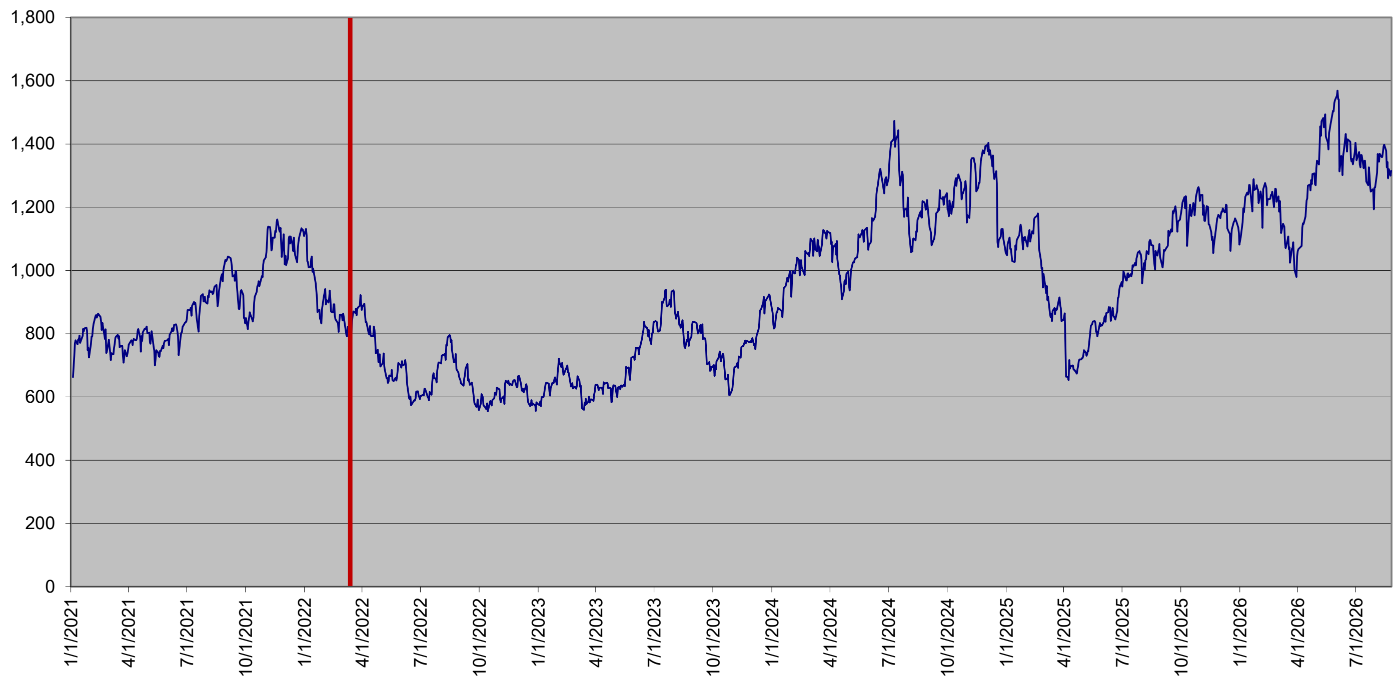
Bloomberg Ticker Symbol: SPUMP40

The S&P® U.S. Equity Momentum 40% VT 4% Decrement Index is a rules-based, long-only index that was developed by S&P® Dow Jones Indices LLC, in coordination with Morgan Stanley, and was established on March 14, 2022. The underlying index publisher with respect to the S&P® U.S. Equity Momentum 40% VT 4% Decrement Index is S&P® Dow Jones Indices LLC, or any successor thereof. The underlier employs a rules-based quantitative strategy that consists of a risk-adjusted, momentum-based, or trend following, approach to construct a portfolio composed of equity futures contracts. In addition, the strategy applies an overall volatility-targeting feature upon the resulting portfolio and is subject to a 4.0% *per annum* daily decrement. For additional information about the S&P® U.S. Equity Momentum 40% VT 4% Decrement Index, see the information set forth under "Annex A—S&P® U.S. Equity Momentum 40% VT 4% Decrement Index" below.

The inception date for the underlier was March 14, 2022. All information regarding the underlier prior to March 14, 2022 is a hypothetical retrospective simulation calculated by the underlying index publisher, using the same methodology as is currently employed for calculating the underlier based on historical data. A retrospective simulation means that no actual investment which allowed a tracking of the performance of the underlier existed at any time during the period of the retrospective simulation. **Investors should be aware that no actual investment which allowed a tracking of the performance of the underlier was possible at any time prior to March 14, 2022. Such data must be considered illustrative only.**

The closing level of the underlier on August 25, 2026 was 1,315.56. The following graph sets forth the hypothetical retrospective and daily closing levels of the underlier for the period noted below. No assurance can be given as to the closing level of the underlier at any time.

Underlier Daily Closing Levels
January 1, 2021* to August 25, 2026



**The red vertical line indicates March 14, 2022, which is the date on which the underlier was established. All information regarding the underlier prior to March 14, 2022 is a hypothetical retrospective simulation calculated by the underlying index publisher and must be considered illustrative only.*

Additional Terms of the CDs

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

Additional Terms:

If the terms described herein are inconsistent with those described in the accompanying terms supplement, index supplement or disclosure statement, the terms described herein shall control. The accompanying disclosure statement refers to any payment due on the CDs in excess of the deposit amount as the "supplemental amount."

Denominations:	$1,000 per CD and integral multiples thereof
Amortization period:	The 6-month period following the issue date
Calculation agent:	Morgan Stanley & Co. LLC ("MS & Co.")
Limited early withdrawals:	By your purchase of a CD you are deemed to represent to us that your deposits with us, including the CDs, when aggregated in accordance with FDIC regulations are within the $250,000 FDIC insurance limit for each ownership capacity, as described in the disclosure statement under "Deposit Insurance." For purposes of early withdrawal upon your death or adjudication of incompetence, we will limit the combined aggregate deposit amount of (i) these CDs and (ii) any other CDs of ours subject to this withdrawal limit to the FDIC insurance coverage amount applicable to each ownership capacity in which such CDs are held. All issues regarding eligibility for early withdrawal will be determined by us in our sole discretion. Written verification acceptable to us will be required to permit early withdrawal. See "Description of the CDs– Estate feature of the CDs" in the accompanying disclosure statement. **Please contact us if you have any questions concerning the application of the limit on early withdrawal to your CDs.**

Additional Information About the CDs

Additional Information:	
Minimum deposit size:	$1,000 / 1 CD
United States federal income tax considerations:	You should review carefully the section in the accompanying terms supplement entitled “United States Federal Income Tax Considerations.” Generally, this discussion assumes that you purchased a CD for cash in the original issuance at the stated issue price and does not address other circumstances specific to you, including consequences that may arise due to any other investments relating to an underlier. Moreover, as discussed in the section entitled “United States Federal Taxation” in the accompanying terms supplement, we have not attempted to ascertain whether any issuer of any underlier to which the CDs relate is a U.S. real property holding corporation or a passive foreign investment company. You should consult your tax adviser regarding these issues, including the effect any circumstances specific to you may have on the U.S. federal income tax consequences of your ownership of a CD. The CDs will be treated as debt instruments for U.S. federal income tax purposes. Based on current market conditions, we intend to treat the CDs for U.S. federal income tax purposes as contingent payment debt instruments, or “CPDIs,” as described in “United States Federal Income Tax Considerations—Tax Consequences to U.S. Holders—CDs Treated as Contingent Payment Debt Instruments” in the accompanying terms supplement. Under this treatment, regardless of your method of accounting for U.S. federal income tax purposes, you generally will be required to accrue interest income in each year on a constant yield to maturity basis at the “comparable yield,” as determined by us, adjusted upward or downward to reflect the difference, if any, between the actual and projected payments on the CDs during the year. Upon a taxable disposition of a CD, you generally will recognize taxable income or loss equal to the difference between the amount received and your tax basis in the CD. You generally must treat any income realized on the taxable disposition as interest income and any loss as ordinary loss to the extent of previous interest inclusions, and the balance as capital loss, the deductibility of which is subject to limitations. We will determine the comparable yield for the CDs and will provide that comparable yield, and the projected payment schedule, or information about how to obtain them, in the final disclosure supplement for the CDs. **Neither the comparable yield nor the projected payment schedule constitutes a representation by us regarding the actual amount(s) that we will pay on the CDs.** **Non-U.S. Holders**. If you are a Non-U.S. Holder (as defined in the accompanying terms supplement), please also read the section entitled “United States Federal Income Tax Considerations—Tax Consequences to Non-U.S. Holders” in the accompanying terms supplement. As discussed under “United States Federal Income Tax Considerations—Tax Consequences to Non-U.S. Holders—Dividend Equivalents under Section 871(m) of the Code” in the accompanying terms supplement, Section 871(m) of the Internal Revenue Code and Treasury regulations promulgated thereunder (“Section 871(m)”) generally impose a 30% 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. The Treasury regulations, as modified by an Internal Revenue Service (the “IRS”) notice, exempt financial instruments issued prior to January 1, 2027 that do not have a “delta” of one. Based on certain determinations made by us, we expect that Section 871(m) will not apply to the CDs with respect to Non-U.S. Holders. Our determination is not binding on the IRS, and the IRS may disagree with this determination. If necessary, further information regarding the potential application of Section 871(m) will be provided in the final disclosure supplement for the CDs. We will not be required to pay any additional amounts with respect to U.S. federal withholding taxes. You should consult your tax adviser regarding the U.S. federal income tax consequences of an investment in the CDs, as well as tax consequences arising under the laws of any state, local or non-U.S. taxing jurisdiction.
Supplemental information regarding plan of distribution; conflicts of interest:	Under the arrangements established by the brokers with the Issuer, each broker will receive a fee of $ per $1,000 CD, or % of the deposit amount of the CDs, which includes compensation paid to other brokers. An affiliate of the Issuer may also receive fees from the Issuer in respect of hedging arrangements entered into with respect to the CDs. MS & Co. is our affiliate and it and other affiliates of ours expect to make a profit by selling, structuring and, when applicable, hedging the CDs.
Where you can find more information:	We file annual and quarterly Consolidated Reports of Condition and Income (FFIEC 031) (“Call Reports”) with the Office of the Comptroller of the Currency (“OCC”). Our Call Reports are available on the Federal Financial Institutions Examination Council (“FFIEC”) website at https://cdr.ffiec.gov/public/

or by calling the OCC Customer Assistance Group in English or Spanish at 1 (800) 613-6743 or TDD Number (713) 658-0340 or upon request to us. Reference to these “uniform resource locators” or “URLs” is made as an inactive textual reference for informational purposes only. Other information found at these websites is not incorporated by reference in this document.

We incorporate by reference into this disclosure supplement our Call Reports for the three most recent calendar years for which we have filed with the OCC and any future Call Reports we file with the OCC (as well as, in the case of any future quarterly Call Report, the corresponding Call Report for the same quarter one year before) until we complete our offering of the CDs. Although the information in our Call Reports is derived from the financial reporting system used to produce our financial statements in accordance with U.S. generally accepted accounting principles (“U.S. GAAP”), the information in our Call Reports may differ, sometimes materially, from our audited financial statements for the corresponding period or at the corresponding date as a result of differences in the classification or presentation of items in accordance with the instructions for preparing the Call Reports.

Terms used but not defined in this document are defined in the terms supplement, in the index supplement or in the disclosure statement. Each of the terms supplement, the index supplement and the disclosure statement can be accessed via the hyperlinks set forth on the cover of this document.

Annex A —S&P® U.S. Equity Momentum 40% VT 4% Decrement Index

Overview

The S&P® U.S. Equity Momentum 40% VT 4% Decrement Index (the "Index") is a rules-based, long-only index that was developed by S&P® Dow Jones Indices LLC ("S&P®"), in coordination with Morgan Stanley, and was established on March 14, 2022. The Index employs a rules-based quantitative strategy that consists of a risk-adjusted, momentum-based, or trend following, approach to construct a portfolio composed of equity futures contracts. In addition, the strategy applies an overall volatility-targeting feature upon the resulting portfolio and is subject to a 4.0% *per annum* daily decrement.

Index Strategy

The goal of the Index is to provide rules-based exposure to unfunded, rolling positions in equity futures contracts, with a maximum exposure to the futures contracts of 400%. The index components are selected from a universe of three equity futures contracts – the E-Mini Nasdaq-100 Futures ("NQ"), which reference the Nasdaq-100 Index®, the E-Mini S&P 500 Futures ("ES"), which reference the S&P 500® Index, and the E-Mini Russell 2000 Futures ("QR"), which reference the Russell 2000® Index. We refer to the E-Mini Nasdaq-100 Futures, the E-Mini S&P 500 Futures and the E-Mini Russell 2000 Futures as the Index Components. For more information on the E-Mini Nasdaq-100 Futures, the E-Mini S&P 500 Futures and the E-Mini Russell 2000 Futures, see "Index Components" below.

Calculation of Index Level

There are seven discrete steps in calculating the Index level: (1) a risk-adjusted momentum signal is calculated for each Index Component (see "Determining the Risk-Adjusted Momentum Signal for Each Futures Contract"); (2) the index composition (the "Base Index") is calculated using the risk-adjusted momentum signals (see "Calculation of the Base Index"); (3) the realized volatility level of the Base Index (the "Base Volatility") is calculated (see "Volatility Targeting"); (4) theoretical leverage is calculated based on the Base Volatility and the Index's targeted volatility (see "Leverage" and "Volatility Targeting"); (5) the theoretical leverage is compared to the actual leverage (see "Leverage"); (6) if necessary, the actual leverage is adjusted (see "Leverage"); and (7) a 4.0% *per annum* daily decrement is applied (see "Decrement Deduction").

Determining the Risk-Adjusted Momentum Signal for Each Futures Contract

The Base Index is rebalanced daily according to each Index Component's risk-adjusted momentum signal. To calculate the risk-adjusted momentum signals, each Index Component's longer-term moving average price is divided by its shorter-term moving average price. The resulting value is then divided by that Index Component's volatility, with the quotient representing the risk-adjusted momentum signal. Each Index Component's longer-term moving average price is calculated over a period of two months and the shorter-term moving average price is calculated over a period of one month.

Calculation of the Base Index

The Base Index for the Index is calculated daily. At any given time, the Base Index is composed of either two or three of the Index Components. The Base Index is calculated based on the risk-adjusted momentum signal (see "Determining the Risk-Adjusted Momentum Signal for Each Index Component"). On a daily basis, the top two Index Components, as measured by risk-adjusted momentum signal, are weighted in the Base Index at 50% each. In a scenario where all three Index Components have identical risk-adjusted momentum signals, each Index Component is weighted as 33.333% of the Base Index. In a scenario where one Index Component has the highest risk-adjusted momentum signal, and the other two Index Components have identical risk-adjusted momentum signals, the Index Component with the highest risk-adjusted momentum signal is weighted as 50% of the Base Index and the other two Index Components are each weighted as 25% of the Base Index.

Volatility Targeting

On a daily basis, the Index's exposure to the Index Components is adjusted in an effort to seek a target volatility of 40%. If the Base Volatility is less than the target volatility of 40%, the Index will employ leveraged exposure of up to four times (meaning the Index can have up to 400% exposure to the Index Components comprising the Base Index) to seek to achieve the target volatility, subject to the filter described below (see "Leverage"). Under no circumstances will the Index seek to employ exposure of greater than 400% to the Index Components. Subject to the filter described below (see "Leverage"), if the Base Volatility is above 40%, the Index's exposure to the Index Components will be reduced to be less than 100% in an effort to seek the target volatility of 40%.

Leverage

The targeted leverage based on the realized volatility of the Base Index (the "theoretical leverage") will often differ from the actual leverage the Index employs at a given time because the Index employs a filter (the "Filter") that regulates changes to the actual leverage. The Filter operates in such a way so that the actual leverage is adjusted only when the difference between the actual leverage and the theoretical leverage exceeds a 5% threshold. The theoretical leverage and actual leverage are calculated daily, and when the difference between the two exceeds the 5% threshold, a change in actual leverage is implemented, with a two-day lag.

Decrement Deduction

The Index applies a 4.0% *per annum* daily decrement that will reduce the level of the Index, regardless of whether the Index appreciates or depreciates. The decrement is applied daily at a rate of 4.0% *per annum*, even when the Index is not fully invested in the Base Index. The decrement is applied daily after any leverage has been applied. Because of the deduction of the decrement, the Index will underperform the performance of an identical index without such a decrement feature.

Index Components

Futures contracts are contracts that legally obligate the holder to buy or sell an asset at a predetermined delivery price during a specified future time period. The Index Components are rolled forward once a quarter, with one-third of the contracts being rolled forward on each of the fourth, third, and second day prior to expiration.

E-Mini Nasdaq-100 Futures

E-mini Nasdaq-100 Futures (the "NQ") are U.S. dollar-denominated futures contracts on the Nasdaq-100 Index® traded on the Chicago Mercantile Exchange (the "CME"), where each futures contract references a value of $20 times the level of the Nasdaq-100 Index®. The CME is a derivatives marketplace based in Chicago that facilitates the trading of futures and options. The NQ trades in increments of 0.25 index points with each incremental movement, or "tick," which in this case would be each 0.25-point movement, equaling five dollars.

NQ contracts listed for the nearest five quarters, for each March, June, September and December, and the nearest three Decembers are available for trading. Trading of the NQ contracts terminates at 9:30 A.M. Eastern time on the third Friday of the contract month.

The daily settlement prices of the NQ contracts are based on trading activity in the relevant contract (and in the case of a lead month also being the expiration month, together with trading activity on lead month-second month spread contracts) on the CME during a specified settlement period. The final settlement price of NQ contracts is based on the opening prices of the component stocks in the Nasdaq 100® Index, determined on the third Friday of the contract month. For more information on the Nasdaq-100® Index, see "Nasdaq-100® Index" in the accompanying index supplement.

E-Mini S&P 500 Futures

E-mini S&P 500 Futures (the "ES") are U.S. dollar-denominated futures contracts, based on the S&P 500® Index, traded on the CME, representing a contract unit of $50 *multiplied by* the S&P 500® Index, measured in cents per index point.

ES contracts listed for the nearest nine quarters, for each March, June, September and December, and the nearest three Decembers are available for trading. Trading of the ES contracts terminates at 9:30 A.M. Eastern time on the third Friday of the contract month.

The daily settlement prices of the ES contracts are based on trading activity in the relevant contract (and in the case of a lead month also being the expiry month, together with trading activity on lead month-second month spread contracts) on the CME during a specified settlement period. The final settlement price of ES contracts is based on the opening prices of the component stocks in the S&P 500® Index, determined on the third Friday of the contract month. For more information on the S&P 500® Index, see "S&P® U.S. Indices—S&P 500® Index" in the accompanying index supplement.

E-Mini Russell 2000 Futures

E-mini Russell 2000 Futures (the "QR") are a U.S. dollar-denominated futures contracts, based on the Russell 2000® Index, traded on the CME, representing a contract unit of $50 *multiplied by* the Russell 2000® Index, measured in cents per index point. The QR trades in increments of 0.10 index points with each tick equaling five dollars.

QR contracts listed for the nearest five quarters, for each March, June, September and December, and the nearest three Decembers are available for trading. Trading of the ES contracts terminates at 9:30 A.M. Eastern time on the third Friday of the contract month.

The daily settlement prices of the QR contracts are based on trading activity in the relevant contract (and in the case of a lead month also being the expiry month, together with trading activity on lead month-second month spread contracts) on the CME during a specified settlement period. The final settlement price of QR contracts is based on the opening prices of the component stocks in the Russell 2000® Index, determined on the third Friday of the contract month. For more information on the Russell 2000® Index, see “Russell Indices— Russell 2000® Index” in the accompanying index supplement.

Overview of Futures Markets

Futures contracts are traded on regulated futures exchanges, in the over-the-counter market and on various types of electronic trading facilities and markets. As of the date of this pricing supplement, all of the Index Components are exchange-traded futures contracts. A futures contract provides for a specified settlement month in which the cash settlement is made by the seller (whose position is therefore described as “short”) and acquired by the purchaser (whose position is therefore described as “long”).

No purchase price is paid or received on the purchase or sale of a futures contract. Instead, an amount of cash or cash equivalents must be deposited with the broker as “initial margin.” This amount varies based on the requirements imposed by the exchange clearing houses, but it may be lower than 5% of the notional value of the contract. This margin deposit provides collateral for the obligations of the parties to the futures contract.

By depositing margin, which may vary in form depending on the exchange, with the clearing house or broker involved, a market participant may be able to earn interest on its margin funds, thereby increasing the total return that it may realize from an investment in futures contracts. However, the Index is not a total return index and does not reflect interest that could be earned on funds notionally committed to the trading of futures contracts.

At any time prior to the expiration of a futures contract, a trader may elect to close out its position by taking an opposite position on the exchange on which the trader obtained the position, subject to the availability of a liquid secondary market. This operates to terminate the position and fix the trader’s profit or loss. Futures contracts are cleared through the facilities of a centralized clearing house and a brokerage firm that is a member of the clearing house.

Futures exchanges may adopt rules and take other actions that affect trading, including imposing speculative position limits, maximum price fluctuations and trading halts and suspensions and requiring liquidation of contracts in certain circumstances.