



Investors Exchange Product Information Circular 2016 - 0003

Date: August 29, 2016

Re: VelocityShares ETNs

Investors Exchange LLC commenced operating as a national securities exchange on August 19, 2016 followed by a two-week security-by-security phase-in period. This Information Circular is being issued to advise you that the following securities have been approved for trading pursuant to unlisted trading privileges (“UTP”) on the Exchange as UTP Derivative Securities pursuant to IEX Rule 16.160, and will begin trading on IEX during the phase-in period. See [the Exchange’s Website](#) for the phase-in schedule.

<u>Security (“Notes”)</u>	<u>Symbol</u>
VelocityShares Daily 2x VIX Short Term ETN linked to the S&P 500 VIX Short-Term Futures Index due December 4, 2030	TVIX
VelocityShares Daily 2x VIX Medium Term ETN linked to the S&P 500 VIX Mid-Term Futures Index due December 4, 2030	TVIZ
VelocityShares VIX Short Term ETN linked to the S&P 500 VIX Short-Term Futures Index due December 4, 2030	VIIX
VelocityShares VIX Medium Term ETN linked to the S&P 500 VIX Mid-Term Futures Index due December 4, 2030	VIIZ
VelocityShares Daily Inverse VIX Short Term ETN linked to the S&P 500 VIX Short-Term Futures Index due December 4, 2030	XIV
VelocityShares Daily Inverse VIX Medium Term ETN linked to the S&P 500 VIX Mid-Term Futures Index due December 4, 2030	ZIV

Issuer/Trust: Credit Suisse AG

Issuer Website: <http://www.credit-suisse.com>

Primary Listing Exchange: NYSE Arca

Primary Exchange Circular: RB-10-134 (November 30, 2010)

Registration Statement: No. 333-158199-10

The purpose of this information circular is to outline various rules and policies that will be applicable to trading in this new product on the Exchange, as well as to provide certain characteristics and features of the Notes.

Background Information on the Notes



Credit Suisse AG (the “Issuer”) has issued six new Exchange Traded Notes (“ETNs” or “Notes”) linked to the S&P 500 VIX Futures Index (the “Index”). The Notes were priced at \$100 each and mature on December 4, 2030.

According to the Issuer, the ETNs, and in particular the 2x Long ETNs, are intended to be trading tools for sophisticated investors to manage daily trading risks. The ETNs are designed to achieve their stated investment objectives on a daily basis, but their performance over longer periods of time can differ

significantly from their stated daily objectives. The ETNs are riskier than securities that have intermediate or long-term investment objectives, and may not be suitable for investors who plan to hold them for longer than one day. Accordingly, the ETNs should be purchased only by knowledgeable investors who understand the potential consequences of investing in volatility indices and of seeking inverse or leveraged investment results, as applicable. Investors should actively and frequently monitor their investments in the ETNs, even intra-day.

The return on the ETNs of any series will be based on the performance of the applicable underlying Index during the term of such ETNs. Each series of ETNs tracks the daily performance of either the S&P 500 VIX Short-Term Futures ER Index or S&P 500 VIX Mid-Term Futures Index ER (each such index, an “Index” and collectively the “Indices”). The Indices are designed to provide investors with exposure to one or more maturities of futures contracts on the CBOE Volatility Index (the “VIX Index”), which reflect implied volatility of the S&P 500 Index at various points along the volatility forward curve. The calculation of the level of the VIX Index is based on prices of put and call options on the S&P 500 Index. Futures contracts on the VIX Index allow investors the ability to invest in forward volatility based on their view of the future direction of movement of the VIX Index. Each Index is intended to reflect the returns that are potentially available through an unleveraged investment in the relevant futures contract or contracts on the VIX Index. The S&P 500 VIX Short-Term Futures Index ER targets a constant weighted average futures contracts maturity of one month and the S&P 500 VIX Mid-Term Futures Index ER targets a constant weighted average futures contracts maturity of five months. The Indices were created by Standard & Poor’s Financial Services LLC (“S&P” or the “Index Sponsor”). The Index Sponsor calculates the level of the relevant Index daily when the Chicago Board Options Exchange, Incorporated (the “CBOE”) is open (excluding holidays and weekends) and publishes it on Bloomberg.

If the ETNs have not been previously redeemed or accelerated, at maturity investors will receive for each \$100 stated principal amount of ETNs a cash payment equal to the applicable Closing Indicative Value on the Final Valuation Date (the “Final Indicative Value”), as calculated by the Calculation Agents. If the Final Indicative Value is zero, the Maturity Redemption Amount will be zero.

The Closing Indicative Value for any series of ETNs on the Inception Date will equal \$100 (the “Initial Indicative Value”). The Closing Indicative Value on each calendar day following the Inception Date for each series of ETNs will be equal to (1)(a) the Closing Indicative Value for that series on the immediately preceding calendar day times (b) the Daily ETN Performance for that series on such calendar day minus (2) the Daily Investor Fee for that series on such calendar day. The Closing Indicative Value will never be less than zero, and the Closing Indicative Value will be zero subsequent to any calendar day on which the Intraday Indicative Value or Closing Indicative Value equals zero. If the ETNs undergo a split or reverse split, the Closing Indicative Value will be adjusted accordingly.

The Daily ETN Performance for any series of ETNs on any Index Business Day will equal (1) the number one plus (2) the Daily Accrual plus (3)(a) the Daily Index Performance times (b) the Leverage Amount. The Daily ETN Performance is deemed to be one on any day that is not an Index Business Day. The Daily



Accrual represents the rate of interest that could be earned on a notional capital reinvestment at the three month U.S. Treasury rate as reported on Bloomberg under ticker USB3MTA. See the prospectus for the ETNs for the Formula used to calculate the Daily Accrual.

The Leverage Amount for each series of ETNs is as follows:

Inverse VIX Short Term ETNs: -1
Inverse VIX Medium Term ETNs: -1
Long VIX Short Term ETNs: 1 Long
VIX Medium Term ETNs: 1 2x Long
VIX Short Term ETNs: 2 2x Long
VIX Medium Term ETNs: 2

On any calendar day (the “calculation day”), the Daily Investor Fee for any series of ETNs will equal to (1) the Closing Indicative Value for that series on the immediately preceding calendar day times (2) the Daily ETN Performance for that series on the calculation day times (3)(a) 0.0095 divided by (b) 365.

Please see the prospectus for the Notes for more details regarding the calculations and details regarding the Index.

It is expected that the market value of the Notes will depend substantially on the value of the Index and may be affected by a number of other interrelated factors including, among other things: the general level of interest rates, the volatility of the Index, the time remaining to maturity, the dividend yield of the stocks comprising the Index, and the credit ratings of the Issuer.

Exchange Rules Applicable to Trading in the Notes

Trading in the Shares on IEX is subject to IEX trading rules.

Trading Hours

The Shares will trade on IEX between 8:00 a.m. and 5:00 p.m. Please note that trading in the Shares during the Exchange’s Pre-Market and Post-Market Sessions (“Extended Market Sessions”) may result in additional trading risks which include: (1) that the current underlying indicative value may not be updated during the Extended Market Sessions, (2) lower liquidity in the Extended Market Sessions may impact pricing, (3) higher volatility in the Extended Market Sessions may impact pricing, (4) wider spreads may occur in the Extended Markets Sessions, and (5) because the indicative value is not calculated or widely disseminated during the Extended Market Sessions, an investor who is unable to calculate an implied value for the Shares in those sessions may be at a disadvantage to market professionals.

Suitability

Trading in the securities on the Exchange will be subject to the provisions of IEX Rule 3.170 and other applicable suitability rules. Members recommending transactions in the securities to customers should make a determination that the recommendation is suitable for the customer.

Trading Halts



The IEX will halt trading in the shares of a security in accordance with IEX Rules. The grounds for a halt under IEX Rules include a halt by the primary market because the intraday indicative value of the security and/or the value of its underlying index are not being disseminated as required, or a halt for other regulatory reasons. In addition, the IEX will stop trading the shares of a security if the primary market delists the security.

This Information Circular is not a statutory prospectus. Members should consult the prospectus for a security and the security's website for relevant information.

Please contact IEX Regulation at 646-343-2000 with any inquiries regarding this Information Circular.