



Investors Exchange Product Information Circular 2016 - 0430

Date: August 31, 2016

Re: UBS E-TRACS Dow Jones-UBS Commodity Exchange-Traded Notes

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 security has 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>
UBS E-TRACS Dow Jones-UBS Commodity Exchange-Traded Notes	DJCI

Issuer/Trust: UBS AG

Issuer Website: <http://www.ubs.com>

Primary Listing Exchange: NYSE Arca

Primary Exchange Circular: RB-09-152, (October 29, 2009)

Registration Statement: No. 333-156695

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

UBS AG (the “Issuer”) has issued Exchange-Traded Access Securities (“E-TRACS” or “Notes”) linked to the Dow Jones – UBS Commodity Index Total Return (the “Index”). The Notes were priced at \$25 each and mature in 2039.

The Notes are senior unsecured debt securities that provide exposure to potential price appreciation in the Index, subject to a fee amount of 0.50% per annum (the “Fee Amount”). Investing in the Notes involves significant risks. Investors may lose some or all of their principal if the Index level (calculated as described herein) declines or does not increase by an amount sufficient to offset the cumulative effect of the Fee Amount. The E-TRACS do not pay any interest during their term. Instead, investors will receive a cash payment at maturity or upon early redemption based on the performance of the Index less the Fee Amount as described herein. Payment at maturity or upon early redemption is subject to the creditworthiness of the Issuer. In addition, the actual and perceived creditworthiness of the Issuer will affect the market value, if any, of the Notes prior to maturity or early redemption.

The Index is composed of the prices of nineteen exchange-traded futures contracts on physical



commodities. An exchange-traded futures contract is a bilateral agreement providing for the purchase and sale of a specified type and quantity of a commodity or financial instrument during a stated delivery month for a fixed price. The commodities included in the Index for 2010 are as follows: aluminum, coffee, copper, corn, cotton, crude oil, gold, heating oil, lean hogs, live cattle, natural gas, nickel, silver, soybeans, soybean oil, sugar, unleaded gas (RBOB), wheat and zinc. The Index is a “total return” index. The overall return on the Index is generated by two components: (i) unleveraged returns on futures contracts on the physical commodities comprising the Index and (ii) the returns that correspond to the weekly announced interest rate for specified 3-month U.S. Treasury Bills.

On the Maturity Date, the Redemption Date or the Call Settlement Date, as the case may be, investors will receive a cash payment per Security in an amount equal to:

$$(\$25.00 \times \text{Index Performance Ratio}) - \text{Fee}$$

Amount the Index Performance Ratio will be calculated as follows:

$$\text{Index Ending Level} / \text{Index Starting Level}$$

The Index Starting Level will be the closing level of the Index on the Initial Trade Date. The Index Ending Level will be the closing level of the Index on the applicable Valuation Date.

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 Exchange will halt trading in the shares of a security in accordance with Exchange Rules. The grounds for a halt under Exchange 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 Exchange will stop trading the shares of a security if the primary market de-lists 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.