



Investors Exchange Product Information Circular 2016 - 0433

Date: August 31, 2016

Re: UBS AG FI Enhanced Europe 50 ETN

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>Securities (the “Fund”)</u>	<u>Symbol</u>
UBS AG FI Enhanced Europe 50 ETN due February 12, 2026	FIEE

Commencement of Trading on the Exchange: March 2, 2016

Issuer/Trust: UBS AG

Primary Listing Exchange: NYSE Arca

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

As more fully explained in the Pricing Supplement dated February 12, 2016, Product Supplement dated February 12, 2016, and Prospectus dated June 12, 2015 for the UBS AG FI Enhanced Europe 50 ETN due February 12, 2026 (the “ETNs”) (File No. 333-204908), the return of the ETNs is linked to the STOXX Europe 50 USD (Gross Return) Index (the “Index”). The securities are designed to provide a two times leveraged long exposure to the performance of the Index compounded on a quarterly basis, reduced by any applicable fees. Because the securities are two times leveraged with respect to the Index, the securities may benefit from two times any positive, but will be exposed to two times any negative, quarterly compounded performance of the Index. The return on the securities, however, can, and most likely will, differ significantly from two times the return on a direct investment in the Index. The ETNs do not guarantee any return of principal at maturity. The investor will not receive any interest payments or coupon payments during the term of the securities. The investor will receive a cash payment at maturity or upon early redemption based on the performance of the Index. The ETNs are senior unsecured obligations of UBS AG (the “Issuer”) and will mature on February 12, 2026.

The Index is composed of 50 European blue-chip companies from within the Parent Index (the “Index Constituent Securities”). The Parent Index contains the 600 largest stocks traded on the major exchanges of 18 European countries. Stocks are organized into the following 19 Supersector Indices according to the ICB industry classification: automobiles & parts; banks; basic resources; chemicals; construction & materials; financial services; food & beverage; health care; industrial goods & services; insurance; media; oil & gas; personal & household goods; real estate; retail; technology; telecommunications; travel &



leisure; and utilities.

The Index is compiled and calculated using a formula that measures price changes against a fixed base quantity weight. The Index is weighted by free-float market capitalization. Each Index Constituent's weight is capped at 10% of the Index's total free-float market capitalization. There are three steps involved with compiling the Index. Step 1: Within each of the 19 Supersector Indices, the component stocks are ranked by free-float market capitalization. The largest stocks are added to the selection list until the coverage is close to, but still less than, 60% of the free-float market capitalization of the corresponding Supersector Index. If the next-ranked stock brings the coverage closer to 60% in absolute terms, then it is also added to the selection list. Any remaining stocks that are current Index Constituent Securities are added to the selection list. Step 2: The stocks on the selection list are ranked by free-float market capitalization. Step 3: The largest 40 stocks on the selection list are chosen as Index Constituent Securities. Any remaining current Index Constituent Securities ranked by size between 41 and 60 on the selection list are added as Index Constituent Securities. If the number of stocks selected is still below 50, then the largest remaining stocks on the selection list are added until the Index contains 50 Index Constituent Securities.

The Index has an index divisor, which is adjusted to maintain the continuity of the Index's value across changes due to corporate actions, such as the issuance of dividends, the occurrence of stock splits, and the stock repurchase by an issuer. The Index is a gross return index, which means that the level of the Index reflects both price performance and dividends. The amount of any dividends is fully reinvested in the Index as a "gross" amount, without any deduction for withholding taxes.

The ETNs are subject to early redemption or acceleration in whole or in part at any time. Accordingly, an investor should not expect to be able to hold the ETNs to maturity. Additionally, the ETNs do not guarantee any return of principal at, or prior to, maturity or call, or upon early redemption. Instead, at maturity, investors will receive a cash payment, the amount of which will vary depending on the performance of the Index and will be reduced by any applicable fees, and may be zero.

The ETNs may be redeemed early, at the investor's option, subject to a minimum redemption amount of 12,500 securities. Upon such early redemption, the investor will receive a cash payment that is based on the performance of the Index, less any applicable fees.

The ETNs' initial indicative value current value on the initial valuation date will equal \$100.00.

The Intraday Indicative Value for the ETNs will be disseminated by market data vendors under the symbol FIEE.IV.

Additional information regarding the ETNs, including information about redemption procedures, fees, and dividends can be found in the Product Supplement.

Investment Risks

As described in the ETNs' Prospectus Supplement, investing in the ETNs involves a number of risks not associated with an investment in conventional debt securities. An investment in the ETNs involves significant risks and is not appropriate for every investor. Investing in the ETNs is not equivalent to investing directly in the Index. Accordingly, the ETNs should be purchased only by knowledgeable investors who understand the terms of the investment in the ETNs and are familiar with the behavior of the Index and financial markets generally.



Interested persons are referred to the Prospectus for a full description of risks associated with an investment in the ETNs. These risks include, but are not limited to, correlation and compounding risk, leverage risk, risk of potential automatic acceleration, UBS's call right risk, market risk, credit risk of issuer, risk that a trading market for the securities may not develop, risk of redemption limitations, risk of uncertain tax treatment. The ETNs are riskier than ordinary unsecured debt securities.

For a more complete description of the securities and the payment at maturity, valuation, fees and risk factors, consult the ETNs' Prospectus Supplement.

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 include a halt because the intraday indicative value of the security and/or the value of its underlying index are not being disseminated as required, a halt for other regulatory reasons or due to other conditions or circumstances deemed to be detrimental to the maintenance of a free and orderly market.

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.