



## Investors Exchange Product Information Circular 2016 - 0434

**Date:** August 31, 2016

**Re:** UBS AG Exchange Traded Access Securities (“E-TRACS”)

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.

<b><u>Security (“Notes”)</u></b>	<b><u>Symbol</u></b>
UBS AG Exchange Traded Access Securities (E-TRACS) linked to the Alerian MLP Infrastructure Index	MLPI

**Issuer/Trust:** UBS AG

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

**Primary Listing Exchange:** NYSE Arca

**Primary Exchange Circular:** RB-10-45 (April 1, 2010)

**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 Alerian MLP Infrastructure Index (the “Index”). The Notes were priced at \$25 each and mature on April 2, 2040.

The E-TRACS are senior unsecured debt securities that provide exposure to potential price appreciation in the Index, subject to an Accrued Tracking Fee (as described in the prospectus) based on a Quarterly Tracking Fee of 0.2125% (equivalent to 0.85% per annum). Investing in the Notes involves significant risks. Investors may lose some or all of their principal at maturity, early redemption or upon exercise by the Issuer of its call right if the level of the Index as measured by the VWAP Level (calculated as described in the prospectus) declines or does not increase by an amount sufficient to offset the Accrued Tracking Fee and the Redemption Fee Amount, if applicable. The Notes may pay a quarterly coupon during their term. Investors will receive a cash payment at maturity or upon exercise by the Issuer of its call right, based on the performance of the Index less the Accrued Tracking Fee, as described in the prospectus. Investors will receive a cash payment upon early redemption based on the performance of the Index less the Accrued Tracking Fee and the Redemption Fee amount.



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, call or early redemption.

The Coupon Amount will equal the sum of the cash distributions that a hypothetical holder of Index constituents would have been entitled to receive in respect of the Index constituents during the relevant period, reduced by the Accrued Tracking Fee.

For each Note, unless earlier redeemed or called, investors will receive at maturity a cash payment equal to (a) the product of (i) the Principal Amount and (ii) the Index Performance Ratio as of the last Index Business Day in the Final Measurement Period plus (b) the final Coupon Amount minus (c) the Accrued Tracking Fee as of the last Index Business Day in the Final Measurement Period, plus (d) the Stub Reference Distribution Amount as of the last Index Business Day in the Final Measurement Period, if any. This cash payment is referred to as the "Cash Settlement Amount." If the amount so calculated is less than zero, the payment at maturity will be zero.

Index Performance Ratio: Final VWAP Level / Initial VWAP Level

The Initial VWAP Level will be 487.420. The Final VWAP Level will be determined by the VWAP Calculation Agent, as the arithmetic mean of the VWAP Levels measured on each Index Business Day during the Final Measurement Period or the Call Measurement Period, or on any Redemption Measurement Date, as applicable.

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**

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, IEX 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.