



Investors Exchange Product Information Circular 2016 - 0438

Date: August 31, 2016

Re: UBS AG

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.

Security (“Notes”)

Symbol

UBS AG Exchange Traded Access Securities 1X Monthly
Short Alerian MLP Infrastructure Total Return Index

MLPS

Issuer/Trust: UBS AG

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

Primary Listing Exchange: NYSE Arca

Primary Exchange Circular: RB-10-114 (September 28, 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 1X Monthly Short (“E-TRACS” or “Notes”) linked to the Alerian MLP Infrastructure Total Return Index (the “Index”). The Notes were priced at \$25 each and mature on October 1, 2040.

The E-TRACS are senior, unsecured, unsubordinated debt securities that are designed to track the total return on a specific market index, less investor fees, and provide investors with exposure to the total returns of various market indices, including indices linked to stocks, bonds, commodities, and currencies.

The Notes are designed to provide a short exposure to the MLP Infrastructure market by tracking the inverse performance of the Alerian MLP Infrastructure Total Return Index, less investor fees. The Alerian MLP Infrastructure Total Return Index, comprised of 25 energy infrastructure Master Limited Partnerships, is a liquid, midstream-focused subset of the Alerian MLP Index (NYSE: AMZ). The Index, whose constituents generally earn the majority of their cash flow from the transportation and storage of energy commodities, provides investors with a benchmark for the infrastructure component of this



emerging asset class. The Index is calculated using a capped, float-adjusted, capitalization-weighted methodology that results in greater diversification.

Investors should note that the Notes may result in a loss of some or all of your investment. Also, the Notes are debt obligations of UBS AG and therefore are exposed to the credit risk of UBS AG. The Notes provide exposure to the inverse performance of the Index and should be purchased only by investors who understand inverse (short) exposure risk and the consequences of seeking inverse investment results. The Notes may not have an active secondary market and may not continue to be listed over their term.

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.