



## Investors Exchange Product Information Circular 2016 - 0771

**Date:** August 31, 2016

**Re:** E-TRACS UBS Bloomberg CMCI 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>Exchange-Traded Note</u>	<u>Symbol</u>
E-TRACS UBS Bloomberg CMCI ETN	UCI

### **Background Information on the Securities**

As more fully explained in the Registration Statement No. 333-132747 for UBS Exchange Traded Access Securities (“E-TRACS”) ETNs, the Securities are linked to the performance of an index, as described below. The purpose of this Information Circular is to outline various rules and policies that will be applicable to trading the Securities. For a more complete description of the Securities and the payment at maturity, early repurchase provisions, early repurchase mechanics, valuation, fees and risk factors, consult the applicable prospectus (“Prospectus”).

### **Description of the Securities**

The UBS E-TRACS linked to the UBS Bloomberg Constant Maturity Commodity Index (CMCI) Total Return provide exposure to potential price appreciation in the UBS Bloomberg Constant Maturity Commodity Index (CMCI) Total Return. The Index is designed to be a diversified benchmark for commodities as an asset class. The Index, which is rebalanced monthly, is comprised of 28 futures contracts with up to five different maturities for each individual commodity.

The maturity dates for each of the above-mentioned UBS E-TRACS ETNs is April 1, 2038.

### **Early Redemption**

Investors may elect to require UBS to redeem their Securities, in whole or in part, prior to the Maturity Date (as defined in the Prospectus) beginning on a date specified in the Prospectus, subject to a minimum redemption amount of at least 100,000 Securities (\$2,500,000) aggregate principal amount). A redeeming investor will receive a cash payment equal to the Redemption Amount, as defined in the Prospectus, which will be determined on the applicable valuation date. For a complete description of the redemption process, see the Prospectus.

### **Indicative Value**

An intraday “Indicative Value” meant to approximate the intrinsic economic value of the Securities will be published for the ETNs, as noted below:

**Exchange-Traded Note****Indicative Value**

E-TRACS UBS Bloomberg CMCI ETN

UCI.IV

The actual trading price of the ETNs may vary significantly from their Indicative Value.

**Exchange Rules Applicable to Trading in the Shares**

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

**Trading Hours**

The value of the Index underlying the Shares will be disseminated to data vendors every 15 seconds during the Regular Trading Session.

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, 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 Fund 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 Fund 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 Fund if the primary market de-lists the Fund.

**Delivery of a Prospectus**

Exchange Members are advised to consult the "Supplemental Plan of Distribution" in the Prospectus regarding prospectus delivery requirements.

**No-Action Relief Under Federal Securities Regulations**

The Securities and Exchange Commission has issued no-action relief from certain provisions of and rules under the Securities Exchange Act of 1934 (the "Exchange Act"), regarding trading in Barclays iPath Exchange Traded Notes (SEC Letter dated July 27, 2006) and Deutsche Bank AG Exchange-Traded Notes (SEC Letter dated October 17, 2007) for securities with structures similar to that of the securities described herein (the "Letters"). As what follows is only a summary of the relief outlined in the Letters, the Exchange also advises interested members to consult the Letters, for more complete



information regarding the matters covered therein.

### **Regulation M Exemptions**

Generally, Rules 101 and 102 of Regulation M is an anti-manipulation regulation that, subject to certain exemptions, prohibits a “distribution participant” and the issuer or selling security holder, in connection with a distribution of securities, from bidding for, purchasing, or attempting to induce any person to bid for or purchase, any security which is the subject of a distribution until after the applicable restricted period, except as specifically permitted in Regulation M. The provisions of the Rules apply to underwriters, prospective underwriters, brokers, dealers, and other persons who have agreed to participate or are participating in a distribution of securities, and affiliated purchasers of such persons.

The Letters state that the SEC Division of Trading and Markets will not recommend enforcement action under Rule 101 of Regulation M against persons who may be deemed to be participating in a distribution of the notes to bid for or purchase the notes during their participation in such distribution.

Rule 102 of Regulation M prohibits issuers, selling security holders, or any affiliated purchaser of such person from bidding for, purchasing, or attempting to induce any person to bid for or purchase a covered security during the applicable restricted period in connection with a distribution of securities effected by or on behalf of an issuer or selling security holder. Rule 100 of Regulation M defines “distribution” to mean any offering of securities that is distinguished from ordinary trading transactions by the magnitude of the offering and the presence of special selling efforts and selling methods.

The Letters state that the SEC Division of Trading and Markets will not recommend enforcement action under Rule 102 of Regulation M against Barclays and its affiliated purchasers who bid for or purchase or redeem notes during the continuous offering of the notes.

### **Section 11(d)(1) of the Exchange Act; Exchange Act Rule 11d1-2**

Section 11(d)(1) of the Exchange Act generally prohibits a person who is both a broker and a dealer from effecting any transaction in which the broker-dealer extends credit to a customer on any security which was part of a new issue in the distribution of which he or she participated as a member of a selling syndicate or group within thirty days prior to such transaction.

The Letters state that the SEC Division of Trading and Markets will not recommend enforcement action under Section 11(d)(1) of the Exchange Act against broker-dealers who treat the notes, for purposes of Rule 11d1-2, as “securities issued by a registered . . . open-end investment company as defined in the Investment Company Act” and thereby, extend credit or maintain or arrange for the extension or maintenance of credit on the notes that have been owned by the persons to whom credit is provided for more than 30 days, in reliance on the exemption contained in the rule.

**This Information Circular is not a statutory prospectus. Members should consult the prospectus for a Fund and the Fund’s website for relevant information.**

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