



Investors Exchange Product Information Circular 2016 - 0900

Date: August 31, 2016

Re: ETRACS UBS Bloomberg Constant Maturity Commodity Index

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>
ETRACS UBS Bloomberg Constant Maturity Commodity Index (CMCI) Total Return ETN Series B due April 5, 2038	UCIB

Issuer/Trust: UBS AG

Issuer/Trust Website: <http://etracs.ubs.com/>

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 Prospectus Supplement dated October 8, 2015 (to the prospectus dated June 12, 2015), the ETRACS UBS Bloomberg Constant Maturity Commodity Index (CMCI) Total Return ETN Series B due April 5, 2038 (the "ETNs") are linked to the performance of the UBS Bloomberg Constant Maturity Commodity Index (CMCI) Total Return (the "Index"). The ETNs do not guarantee any return of principal at maturity and will not make interest payments. At maturity or upon early redemption, investors will receive a cash payment based on the performance of the respective Index. The ETNs are senior unsecured obligations of UBS AG (the "Issuer"), acting through its London branch, which mature on April 5, 2038.

The ETNs are linked to the direct performance of the Index.

The Index was introduced in January 2007 to provide an alternative to traditional commodity indices. The Index is weighted across both commodities and maturities and represents a basket of futures contracts on 28 components, representing 24 commodities, with a series of up to five different investment maturities for each individual commodity. The Index is based on commodity futures contracts with tenors ranging from three months to three years. The Index uses a "constant maturity" calculation methodology to continuously roll each commodity futures contract, which, in contrast to rolling of front-month contracts offered in traditional commodity indices, offers the potential to mitigate negative roll yield. Roll yield arises from the differential between the price levels of the contracts that an index rolls



out of and those it rolls into. The commodities represented in the Index currently include agricultural products, energy products, metals and minerals. The exchanges include the New York Mercantile Exchange (including the COMEX division), Chicago Board of Trade, London Metal Exchange, ICE Futures US, Chicago Mercantile Exchange, Kansas City Board of Trade, ICE Futures and Euronext.Liffe.

The value of the Index is reported on Bloomberg under ticker symbol “CMCITR <Index>”.

The ETNs’ initial indicative value current value on the initial valuation date will equal \$25.00. The Intraday Indicative Value for the ETNs will be disseminated by market data vendors under the symbols UCIB. IV.

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

Risks associated with the ETNs include, but are not limited to: non-guaranteed return of principal risk, market risk, industry risk, credit worthiness of the Issuer, trading market for the securities may not develop, no interest payments, redemption risk, call risk, and tax risk. 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, 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.