



Investors Exchange Product Information Circular 2016 - 0904

Date: August 31, 2016

Re: UBS AG 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 securities have 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>Security (“Notes”)</u>	<u>Symbol</u>
E-TRACS UBS Bloomberg Food ETN	FUD
E-TRACS UBS Bloomberg CMCI Agriculture ETN	UAG
E-TRACS UBS Bloomberg Livestock ETN	UBC
E-TRACS UBS Bloomberg Gold ETN	UBG
E-TRACS UBS Bloomberg Industrial Metals ETN	UBM
E-TRACS UBS Bloomberg Energy ETN	UBN
E-TRACS UBS Bloomberg Silver ETN	USV

Issuer/Trust: UBS AG

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

Primary Listing Exchange: NYSE Arca

Primary Exchange Circular: RB-08-26 (April 2, 2008)

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

The Issuer has issued several Exchange Traded Access Securities (“E-TRACS” or “Notes”) linked to various indices (each, an “Index”). The Notes were priced at \$25 each and mature in 2038. The E-TRACS do not pay interest.

As more fully set forth in the Prospectus Supplement, each \$10 principal amount of the Notes will be



deemed a “Unit” for purposes of trading and transfer. There will be no payments or redemptions prior to the maturity date.

On the maturity date, the Issuer shall redeem the E-TRACS by paying to the holder a cash payment equal to the principal amount of the holder’s E-TRACS times the Index Performance Ratio on the Final Valuation Date minus the Fee Amount on the Final Valuation Date unless, prior to the maturity date, the E-TRACS were previously redeemed at the election of the holder on a Redemption Date or called by the Issuer pursuant to the exercise of its “Contingent Call Right” as described later.

Index Performance Ratio equals, on any given day, the Index Ending Level divided by the Index Starting Level. The Index Ending Level is the closing level of the Index on the applicable trading day. The Index

Starting Level will be determined on the pricing date. The Final Valuation Date will be in 2038, as determined by the Issuer. Redemption Date means the third trading day following each Valuation Date other than the Final Valuation Date or, if such day is not a business day, the next succeeding trading day that is also a business day.

Fee Amount means the amount equal to 0.30% per annum calculated on a daily basis in the following manner: (i) the Fee Amount on the initial trade date shall equal zero; and (ii) on each subsequent calendar day until and including the Final Valuation Date or, in the case of Notes with respect to which the holder has exercised its right of early redemption or the Issuer has exercised its Contingent Call Right, the applicable Valuation Date, the Fee Amount will increase by an amount equal to (A) 0.30% divided by 365 multiplied by (B) the product of the principal amount of the holder’s Notes and the Index Performance Ratio on that day (or, if such day is not a trading day, the Index Performance Ratio on the immediately preceding trading day).

Valuation Date means (i) with respect to any early redemption the first trading day immediately following the trading day on which the holder delivers a redemption notice to the Issuer in compliance with the procedure for early redemption (ii) with respect to the Issuer’s exercise of its Contingent Call Right, the third trading day prior to the call settlement date.

In accordance with the terms of the Contingent Call Right, the Notes are subject to redemption upon not less than five (5) days’ and not more than 60 days’ prior notice on any trading day on or after a yet undetermined date in 2013, as a whole and not in part, at the election of the Issuer; provided that the aggregate principal amount of the Notes outstanding must be less than \$10,000,000 on the fifth trading day prior to the call settlement date specified by the Issuer pursuant to the notice of exercise. If the Issuer elects to redeem the Notes on the call settlement date, the holder will receive a cash payment equal to the principal amount of the holder’s Notes times the Index Performance Ratio on the corresponding Valuation Date minus the Fee Amount on the corresponding Valuation Date.

Please see the prospectus for the Notes for more details regarding the various terms and calculations.

Holders may, subject to the procedural requirements described in the prospectus, elect to require the Issuer to redeem the holder’s Notes in whole or in part on any Redemption Date during the term of the Notes. If the holder requires the Issuer to redeem the holder’s Notes on any Redemption Date, the holder will receive a cash payment equal to the principal amount of the holder’s Notes times the Index Performance Ratio on the applicable Valuation Date minus the Fee Amount on the applicable Valuation Date. Refer to the prospectus for additional details.

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 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. is unable to calculate an implied value for the Notes in that session 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 under Exchange 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, the Exchange 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.