



## Investors Exchange Product Information Circular 2016 - 0933

**Date:** September 14, 2016

**Re:** UBS AG FI Enhanced Big Cap Growth ETN

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 Investors Exchange (“IEX” or the “Exchange”) as UTP Derivative Securities pursuant to IEX Rule 16.160. Compliance and supervisory personnel should note that, among other things, this Information Circular discusses the need to deliver a prospectus to customers purchasing shares of the exchange-traded funds. Please forward this Information Circular to interested persons within your organization.

<b><u>Security (“Notes”)</u></b>	<b><u>Symbol</u></b>
UBS AG FI Enhanced Big Cap Growth ETN	FBG

**Commencement of Trading on the Exchange:** June 15, 2012

**Issuer/Trust:** UBS AG

**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 these new products pursuant to the Exchange’s unlisted trading privileges, as well as to provide certain characteristics and features of the products. For a more complete description of the Issuer, the securities and the underlying market instruments or indexes, visit the Issuer Website, consult the Prospectus available on the Issuer Website or examine the Issuer Registration Statement or review the most current information bulletin issued by the Primary Listing Exchange.

### **Background Information on the Notes**

UBS AG (“UBS” or the “Issuer”) has issued leveraged Exchange Traded Notes (“ETNs” or “Notes” or “Securities”) linked to the linked to the Russell 1000 Growth Index Total Return (the “Index”). The maturity date is June 13, 2022. The Notes do not pay interest and were priced at \$25 each.

The Notes are unsubordinated, unsecured debt securities of the Issuer. The Notes provide two times leveraged exposure to the performance of the Index, reduced by (i) the Index Adjustment Factor based on 3-Month USD LIBOR and a spread of 0.13% per annum (applied to the full leveraged exposure of the Securities) and (ii) the Redemption Fee upon exercise of investors’ right to require UBS to redeem your Securities. If an Early Redemption Event occurs, the Securities will be redeemed and a Redemption Fee will also apply.

The Index is a sub-group of the Russell 1000 Index and measures the composite price performance of stocks of 1,000 companies incorporated in the U.S. and its territories. All 1,000 stocks are traded on a major U.S. exchange and are the 1,000 largest securities that form the Russell 3000 Index. The Russell 3000 Index is composed of the 3,000 largest U.S. companies as determined by market capitalization and represents approximately 98% of the U.S. equity market. The Russell 1000 Index consists of the largest



1,000 companies included in the Russell 3000 Index and represents approximately 92% of the total market capitalization of the U.S. equity market. The Russell 1000 Index is designed to track the performance of the large-capitalization segment of the U.S. equity market.

For each Security, unless earlier redeemed, called or accelerated, investors will receive at maturity a cash payment equal to the Cash Settlement Amount as of the Final Valuation Date. If the amount so calculated is less than zero, the payment at maturity will be zero. On the Maturity Date, there will be no Redemption Fee payable.

On any Business Day on or after June 8, 2014 through and including the fourth scheduled Trading Day preceding the Final Maturity Date (the "Call Settlement Date"), UBS may at its option redeem all, but not less than all, issued and outstanding Securities. To exercise the UBS Call Right, UBS must provide notice to the holders of the Securities not less than ten calendar days prior to the Call Settlement Date. In the event UBS exercises this right, investors will receive a cash payment equal to the Cash Settlement Amount, which will be calculated as described herein and paid on the Call Settlement Date. If the amount so calculated is less than zero, the payment upon exercise of the UBS Call Right will be zero. Upon exercise of the UBS Call Right, there will be no Redemption Fee payable.

Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or passed upon the accuracy or adequacy of this preliminary prospectus supplement or the accompanying prospectus. Any representation to the contrary is a criminal offense.

The Securities are intended for sophisticated investors. Accordingly, the Securities should be purchased only by knowledgeable investors who understand the potential consequences of investing in leveraged investments. Investors should actively and frequently monitor their investments in the Securities, even intra-day.

The Cash Settlement Amount is, on the Maturity Date, Call Settlement Date upon a UBS Call Right or Acceleration Date upon an Early Redemption Event, a cash payment equal to (a) the product of (i) the Principal Amount times (ii) the Index Factor as of the Valuation Date minus (b) the Redemption Fee, if applicable.

If (i) the Index Level at any time (including any intraday level) is less than a specified level, which as of the Initial Trade Date is 70% of the Starting Level, or (ii) the Intraday Indicative Value of the Securities is \$5.00 or less (an "Early Redemption Event" and such day, the "Acceleration Date"), all issued and outstanding Securities will be automatically accelerated and mandatorily redeemed by UBS and investors will receive a cash payment on the Acceleration Settlement Date equal to the Cash Settlement Amount. On acceleration due to an Early Redemption Event, there will be a Redemption Fee payable. The "Acceleration Settlement Date" will be the third Business Day following the Acceleration Date.

Index Factor:

$$1 + (\text{Index Performance Ratio})$$

Index Performance Ratio: On any Valuation Date

(a) the Leverage Factor multiplied by the (b) Index Return minus the Index Adjustment Factor.

Where:



The “Leverage Factor” is equal to 2 on the Initial Trade Date.

The “Index Return” is:

$$\frac{\text{Ending Level} - \text{Starting Level}}{\text{Starting Level}}$$

The “Index Adjustment Factor” is a rate equal to 3-month USD LIBOR + 0.13% calculated on the basis of the actual number of calendar days elapsed in each quarterly period divided by 360 and compounded quarterly during the term of the Securities and is applied to the full

leveraged exposure of the Securities.

The Starting Level is the closing Index Level on the Initial Trade Date.

Ending Level:

(i) for the Maturity Date or upon exercise of the UBS Call Right, the average of the closing Index Levels determined for the three preceding scheduled Trading Days ending on and including the applicable Valuation Date, (ii) on exercise of investors’ right to require UBS to redeem the Securities, the closing Index Level on the Valuation Date that the redemption conditions are met, or alternatively, the Index Constituent VWAP for the Trading Day that follows satisfaction of the redemption conditions, as further described in the prospectus; or (iii) if an Early Redemption Event occurs, the closing Index Level or the Index Constituent VWAP for the designated time intervals specified in the prospectus. In all cases the computation of Ending Level may be delayed upon to the occurrence of a Market Disruption Event.

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 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, (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**

The Exchange will halt trading in the Shares of a security in accordance with the Exchange's 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. IEX 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.