

## Investors Exchange Product Information Circular 2020 - 0259

**Date:** October 15, 2021

**Re:** UBS AG ETRACS ETNs

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. 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 Notes.

### **Securities (the “ETNs” or “Notes”)**

### **Symbol**

ETRACS 2x Leveraged MSCI US ESG Focus TR ETN	ESUS
ETRACS 2x Leveraged IFED Invest with the Fed TR Index ETN	FEDL
ETRACS IFED Invest with the Fed TR Index ETN	IFED

Issuer/Trust: UBS AG

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

Primary Listing Exchange: NYSE Arca

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

The UBS AG (the “Trust”) is a management investment company registered under the Investment Company Act of 1940, as amended (the “1940 Act”), consisting of several investment portfolios. This circular relates only to the Funds listed above (each, a “Fund” and together, the “Funds”). The shares of the Fund are referred to herein as “Shares.”

**ETRACS 2x Leveraged MSCI US ESG Focus TR ETN (ESUS):** The ETRACS 2x Leveraged MSCI US ESG Focus TR Index ETN due September 15, 2061 (the “Securities”) are senior unsecured debt securities issued by UBS AG (“UBS”) that provide 2 times leveraged long exposure to the compounded quarterly performance of the MSCI USA ESG Focus Index Gross Total Return USD (the “Index”), reduced by the Accrued Fees. The Index is the total return version of the MSCI USA ESG Focus Index. The Index is designed to maximize exposure to positive environmental, social and governance (“ESG”) factors while exhibiting risk and return characteristics similar to those of the MSCI USA Index.

**ETRACS 2x Leveraged IFED Invest with the Fed TR Index ETN (FEDL):** The ETRACS 2x Leveraged IFED Invest with the Fed TR Index ETN due September 15, 2061 (the “Securities”) are senior unsecured debt securities issued by UBS AG (“UBS”) that provide 2 times leveraged long exposure to the compounded quarterly performance of the IFED Large-Cap US Equity Index Total Return (the “Index”), reduced by the Accrued Fees. The Index is the total return version of the IFED Large-Cap US Equity Index. The Index tracks large-cap U.S. equities that are determined by the Index Sponsor to be best positioned to benefit from the prevailing monetary environment.

**ETRACS IFED Invest with the Fed TR Index ETN (IFED):** The ETRACS IFED Invest with the Fed TR Index ETN due September 15, 2061 (the “Securities”) are senior unsecured debt securities issued by UBS that provide an unleveraged long exposure to the performance of the IFED Large-Cap US Equity Index Total Return (the “Index”). The Index is the total return version of the IFED Large-Cap US Equity Index. The Securities are subject to a Daily Tracking Fee equivalent to 0.45% per annum. The Index tracks large-cap U.S. equities that are determined by the Index Sponsor (as defined below) to be best positioned to benefit from the prevailing monetary environment. Investing in the Securities involves significant risks. You will

receive a cash payment at maturity or upon exercise by UBS of its call right, based on the performance of the Index less the Daily Tracking Fee, as described herein. If you elect to redeem your Securities early, you will receive a cash payment upon early redemption based on the performance of the Index less the Daily Tracking Fee and the Redemption Fee Amount, as described herein. Please read each Fund's prospectus for more information regarding its investment objectives.

As described more fully in the Trust's prospectus and Statement of Additional Information, each Fund will issue and redeem Shares on a continuous basis at their net asset value ("NAV") only in large blocks of Shares called a "Creation Unit", or multiples thereof (typically 20,000 to 100,000 Shares). Creation Units will be issued and redeemed principally in-kind for securities included in the underlying index. Except when aggregated in Creation Units, the Shares may not be redeemed with the Funds.

Shares are held in book-entry form, which means that no Share certificates are issued. The Depository Trust Company or its nominee is the record owner of all outstanding Shares of each Fund and is recognized as the owner of all Shares for all purposes.

The NAV per Share for each Fund is computed by dividing the value of the net assets of the Fund (i.e., the value of its total assets less total liabilities) by the total number of Shares outstanding. Expenses and fees are accrued daily and taken into account for purposes of determining NAV. The NAV of each Fund is determined each business day after the close of trading (ordinarily 4:00 p.m., Eastern Time or "ET") of the New York Stock Exchange. Any assets or liabilities denominated in currencies other than the U.S. dollar are converted into U.S. dollars at the current market rates on the date of valuation as quoted by one or more sources. A major market data vendor will disseminate the Intraday Indicative Value (IIV) for the Shares of the fund through regular trading hours.

The registration statement for each Fund describes the various fees and expenses for the Funds' Shares. For a more complete description of the Fund and the underlying Index, visit the Funds' website at <https://etracs.ubs.com/>.

### **Investment Risks**

Interested persons are referred to the discussion in the prospectus for the Funds of the principal risks of an investment in the Funds. These may include, but are not limited to, asset class risk, authorized participant concentration risk, concentration risk, currency risk, cyber security risk, equity securities risk, fluctuation of net asset value risk (NAV), index risk, industry/sector risk, issuer risk, management risk, market maker risk, market risk, market trading risk, non-correlation risk, non-diversification risk, passive investment risk, replication management risk, securities lending risk, tracking error risk, trading issues risk, and valuation risk.

In addition, the market prices of the Shares will fluctuate in accordance with changes in NAV as well as the supply and demand for the Shares. As a result, the Shares may trade at market prices that may differ from their NAV. The NAV of the Shares of each Fund will fluctuate with changes in the market value of the Fund's holdings.

### **Exchange Rules Applicable to Trading in the Notes**

Trading in the ETNs on IEX is subject to IEX's equity trading rules.

### **Trading Hours**

The ETNs will trade on IEX between 8:00 a.m. and 5:00 p.m. Please note that trading in the ETNs 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 Notes 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 ETNs 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. 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.