



EDGA & EDGX STOCK EXCHANGES			
Regulatory Information Circular			
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**Subject: ETRACS Monthly Pay 2xLeveraged Dow Jones Select Dividend Index ETN
ETRACS Monthly Pay 2xLeveraged S&P Dividend ETN**

Background Information on the Notes

As stated in the Registration Statement (No. 333-178960), UBS AG (London Branch) (the “Issuer” or “UBS”) is offering and selling separate series of UBS AG Exchange Traded Access Securities (“ETRACS”) ETNs, including the ETNs listed above.

As more fully explained in the [Pricing Supplement to the Product Supplement](#) (dated March 20, 2012) and the [Prospectus](#) (dated January 11, 2012) for the ETRACS Monthly Pay 2xLeveraged Dow Jones Select Dividend Index ETN (due May 22, 2042), and in the [Pricing Supplement to the Product Supplement](#) (dated March 20, 2012) and [Prospectus](#) (dated January 11, 2012) for the ETRACS Monthly Pay 2xLeveraged S&P Dividend ETN (together, the “Notes” or “ETNs”), the ETNs are series of Monthly Pay 2xLeveraged ETRACS.

Description of the Notes

ETRACS Monthly Pay 2xLeveraged Dow Jones Select Dividend Index ETN

The ETRACS Monthly Pay 2xLeveraged Dow Jones Select Dividend Index ETN due May 22, 2042 (the “Notes”) are a series of Monthly Pay 2xLeveraged ETRACS linked to the Dow Jones U.S. Select Dividend IndexSM (the “Index”). The Notes are senior unsecured debt securities issued by UBS AG (UBS). The Notes provide a monthly compounded two times leveraged long exposure to the performance of the Index, reduced by the Accrued Fees. Because the Notes are two times leveraged with respect to the Index, the Notes may benefit from two times any positive, but will be exposed to two times any negative, monthly compounded performance of the Index. The Notes may pay a monthly coupon during their term linked to two times the cash distributions, if any, on the Index Constituent Securities (as defined in the [Prospectus](#)).

The return on the Notes is linked to the performance of the Dow Jones U.S. Select Dividend IndexSM. The Index is designed to measure the performance of 100 stocks, selected by dividend yield, subject to screens for dividend-per-share growth rate, dividend payout ratio and average daily trading volume. The Index represents the country’s top stocks by dividend yield, selected annually and subject to screening and buffering criteria. The Index is weighted by

indicated annual dividend of its components and the weight of any individual company is restricted to 10%. The Index is a price return index (i.e., the reinvestment of dividends is not reflected in the Index). As of April 30, 2012, the Index was comprised of 100 Index Constituent Securities with the largest Index Constituent Security weighted at 3.94% and the smallest Index Constituent Security weighted at 0.20%. Updated weightings of the Index Constituent Securities in the Index are available at www.djindexes.com.

ETRACS Monthly Pay 2xLeveraged S&P Dividend ETN

The ETRACS Monthly Pay 2xLeveraged S&P Dividend ETN due May 22, 2042 (the “Notes”) are a series of Monthly Pay 2xLeveraged Exchange Traded Access Securities (ETRACS) linked to the S&P High Yield Dividend Aristocrats[®] Index (the “Index”). The Securities are senior unsecured debt securities issued by UBS. The Notes provide a monthly compounded two times leveraged long exposure to the performance of the Index, reduced by the Accrued Fees. Because the Notes are two times leveraged with respect to the Index, the Notes may benefit from two times any positive, but will be exposed to two times any negative, monthly compounded performance of the Index. The Notes may pay a monthly coupon during their term linked to two times the cash distributions, if any, on the Index Constituent Securities (as defined in the [Prospectus](#)).

The return on the Notes is linked to the performance of the Standard & Poor’s S&P High Yield Dividend Aristocrats[®] Index. The Index is designed to measure the performance of the 60 highest dividend yielding S&P Composite 1500 Index constituents, which have followed a managed-dividends policy of consistently increasing dividends every year for at least 25 consecutive years. The Index is weighted by indicated annual dividend yield with constituents re-weighted every quarter and the constituent universe reviewed every December. The index methodology incorporates minimum market capitalization and liquidity criteria, as well as buffers to reduce turnover at index rebalancings. Modifications are made to stock weights to ensure no stock represents more than 4% of the index weight, and to enhance index basket liquidity at each quarterly rebalancing. Companies included in the Index come from a broad spectrum of industries. The Index is a price return index (i.e., the reinvestment of dividends is not reflected in the Index). As of April 30, 2012, the Index was comprised of 60 Index Constituent Securities with the largest Index Constituent Security weighted at 3.72% and the smallest Index Constituent Security weighted at 0.52%.

If the Index Constituent Securities do not make any cash distributions, the investor will not receive a monthly coupon. The investor will receive a cash payment at maturity, upon acceleration or upon exercise by UBS of its Call Right based on the monthly compounded leveraged performance of the Index less the Accrued Fees, calculated as described in the Product Supplement. The investor will receive a cash payment upon early redemption based on the monthly compounded leveraged performance of the Index less the Accrued Fees and the Redemption Fee, calculated as described in the Product Supplement. Payment at maturity or call, upon acceleration or upon early redemption will be subject to the creditworthiness of UBS. In addition, the actual and perceived creditworthiness of UBS will affect the market value, if any, of the Notes prior to maturity, call, acceleration or early redemption. Investing in the Notes involves significant risks. The investor may lose some or all of the principal at maturity, early

redemption, acceleration or upon exercise by UBS of its call right if the monthly compounded leveraged return of the Index is not sufficient to offset the negative effect of the Accrued Fees and the Redemption Fee, if applicable. The investor may not receive any monthly coupon payment during the term of the Notes.

Payment at Maturity

On the Maturity Date, the Call Settlement Date or the Acceleration Settlement Date, as the case may be, you will receive a cash payment per Security in an amount equal to the Current Principal Amount calculated as of the corresponding Final Valuation Date or Valuation Date, as the case may be. We refer to this cash payment as the “Cash Settlement Amount.”

Principal Risks

Investing in the Notes involves significant risks. The investor may lose some or all of the principal at maturity, early redemption, acceleration or upon exercise by UBS of its call right if the monthly compounded leveraged return of the Index is not sufficient to offset the negative effect of the Accrued Fees and the Redemption Fee, if applicable. The investor may not receive any monthly coupon payment during the term of the Notes. Significant risks include concentration risk; credit risk of Issuer; market risk; risks associated with foreign currency exchange rates; risks associated with foreign securities markets; risks associated with the tax treatment of the Notes; and risks associated with the Index Sponsor.

The Notes are not secured debt and are significantly riskier than ordinary unsecured debt securities. Unlike ordinary debt securities, the return on the Notes is linked to the performance of the Index. The Notes are two times leveraged with respect to the Index and, as a result, may benefit from two times any positive, but will be exposed to two times any negative, monthly performance of the Index. The trading price of the Notes may vary considerably before the Maturity Date, due to events that are difficult to predict and beyond the issuer’s control. Investing in the Notes is not equivalent to investing directly in the Index Constituent Securities (as defined in the Product Supplement) or the Index itself.

Additional risks are described in the Pricing Supplement, the Product Supplement and the Prospectus for the ETNs.

Exchange Rules Applicable to Trading in the Notes

The ETNs are considered equity securities, thus rendering trading in the ETNs subject to the Exchanges’ existing rules governing the trading of equity securities.

Trading Hours

Trading in the securities on EDGA Exchange, Inc. and EDGX Exchange, Inc. (the “Exchanges”) is on a UTP basis and is subject to the Exchanges equity trading rules. The securities will trade from 8:00 a.m. until 8:00 p.m. Eastern Time. Members trading the securities during the Extended Market Sessions (Pre-opening and Post-closing sessions) are exposed to the

risk of the lack of the calculation or dissemination of underlying index value or intraday indicative value ("IIV"). For certain derivative securities products, an updated underlying index value or IIV may not be calculated or publicly disseminated in the Extended Market hours. Since the underlying index value and IIV are not calculated or widely disseminated during Extended Market hours, an investor who is unable to calculate implied values for certain derivative securities products during Extended Market hours may be at a disadvantage to market professionals.

Suitability

Trading in the securities on the Exchanges will be subject to the provisions of EDGA and EDGX Exchange Rules 3.7. Members recommending transactions in the securities to customers should make a determination that the recommendation is suitable for the customer. In addition, Members must possess sufficient information to satisfy the "know your customer" obligation that is embedded in Exchange Rules 3.7.

Members also should review FINRA Notice to Members 03-71 for guidance on trading these products. The Notice reminds Members of their obligations to: (1) conduct adequate due diligence to understand the features of the product; (2) perform a reasonable-basis suitability analysis; (3) perform customer-specific suitability analysis in connection with any recommended transactions; (4) provide a balanced disclosure of both the risks and rewards associated with the particular product, especially when selling to retail investors; (5) implement appropriate internal controls; and (6) train registered persons regarding the features, risk and suitability of these products.

Delivery of a Prospectus

Pursuant to federal securities laws, investors purchasing shares must receive a prospectus prior to or concurrently with the confirmation of a transaction. Investors purchasing shares directly from the Fund (by delivery of the Deposit Amount) must also receive a prospectus.

Prospectuses may be obtained through the Distributor or on the Fund's [website](#). The Prospectus does not contain all of the information set forth in the registration statement (including the exhibits to the registration statement), parts of which have been omitted in accordance with the rules and regulations of the SEC. For further information about the Fund, please refer to the Trust's registration statement.

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 Index-Linked Securities (File No. TP 06-71) (SEC Letter dated May 30, 2006) for securities with structures similar to that of the securities described herein (the "No-Action Letter"). As what follows is only a summary of the relief outlined in the Letter, the Exchange also advises interested members to consult the No-Action Letter, 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 Letter states 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 Letter states 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 Letter states 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 Regulatory Information Circular is not a statutory Prospectus. Members should consult the ETNs’ Registration Statement, SAI, Prospectuses, and the ETNs’ [website](#) for relevant information.

Appendix A

Ticker	Fund Name	CUSIP
DVYL	ETRACS Monthly Pay 2xLeveraged Dow Jones Select Dividend Index ETN	90268G607
SDYL	ETRACS Monthly Pay 2xLeveraged S&P Dividend ETN	90267L409