



EDGA & EDGX STOCK EXCHANGES			
Regulatory Information Circular			
Circular Number:	2012-058	Contact:	Jeff Rosenstock
Date:	June 11, 2012	Telephone:	(201) 942-8295

**Subject: UBS AG FI Enhanced Big Cap Growth ETN due June 13, 2022**

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

As stated in the [Registration Statement](#) (No. 333-178960), UBS AG (London Branch) (the “Issuer” or “UBS”) from time to time may offer to sell debt securities and warrants, including leveraged Exchange Traded Notes (“ETNs”), of which UBS AG FI Enhanced Big Cap Growth ETN (the “Notes” or “Securities”) is one class.

### **Description of the Notes**

The Notes are linked to the Russell 1000<sup>®</sup> 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.

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.

### **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 or the Index itself.

Additional risks are described in 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 ETN’s Registration Statement, SAI, [Prospectus](#), and the ETN’s website for relevant information.**

## Appendix A

<b>Ticker</b>	<b>Fund Name</b>	<b>CUSIP</b>
FBG	UBS AG FI Enhanced Big Cap Growth ETN due June 13, 2022	90267L508