



| EDGA & EDGX STOCK EXCHANGES | | | |
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| Regulatory Information Circular | | | |
| Circular Number: | 2011-070 | Contact: | Jeff Rosenstock |
| Date: | May 25, 2011 | Telephone: | (201) 942-8295 |

**Subject: 2xLeveraged Long Exchange Traded Access Securities (E-TRACS)
Linked to the Wells Fargo[®] Business Development Company Index due May
24, 2041**

Background Information on the Securities

As more fully explained in the Registration Statement No. 333-156695 for UBS AG Exchange Traded Access Securities (“E-TRACS”) ETNs, the Securities are linked to the performance of an index, as described below. The purpose of this Information Circular is to outline various rules and policies that will be applicable to trading the Securities. For a more complete description of the Securities and the payment at maturity, the Index, early repurchase provisions, early repurchase mechanics, valuation, fees and risk factors, consult the Registration Statement.

Description of the Security

The 2xLeveraged Long Exchange Traded Access Securities (E-TRACS) linked to the Wells Fargo[®] Business Development Company Index (the “Securities”) are senior unsecured debt securities issued by UBS AG (UBS) that provide two times leveraged long exposure to the compounded monthly performance of the Wells Fargo[®] Business Development Company Index (the “Index”), reduced by the Accrued Fees.

Description of Index

The return on the Securities is linked to the performance of the Wells Fargo[®] Business Development Company Index. The Index is intended to measure the performance of all business development companies listed on the New York Stock Exchange or The NASDAQ Stock Market, Inc. that satisfy specified market capitalization and other eligibility requirements.

Principal Risks

Investment in the Securities will involve significant risks. The Securities are not secured debt and are significantly riskier than ordinary unsecured debt securities. As described in more detail below, the trading price of the Securities may decline considerably before the Maturity Date, due to events that are difficult to predict and beyond the issuer’s control. Investing in the Securities is not equivalent to investing directly in the Index constituents or the Index itself. As described in more detail in the Prospectus, The Securities are senior unsecured debt obligations of the issuer, UBS, and are not, either directly or indirectly, an obligation of or guaranteed by any third party. Any payment to be made on the Securities including any payment at maturity or call, or upon early redemption, depends on the ability of UBS to satisfy

its obligations as they come due. Additional risks are described in the Prospectus for the ETNs.

Early Redemption

Investor may elect to require UBS to redeem Securities, in whole or in part, on any Business Day prior to the Maturity Date commencing on June 3, 2011 through and including May 20, 2041, subject to a minimum redemption amount of at least 50,000 Securities. In addition, if a call notice has been issued or if the acceleration has been triggered, the last Redemption Valuation Date is the fifth Index Business Day prior to the Call Settlement Date or the Acceleration Settlement Date, as applicable. If an investor redeems Securities, the investor will receive a cash payment equal to the Redemption Amount. An investor must comply with the redemption procedures in order to redeem their Securities. To satisfy the minimum redemption amount, an investor's broker or other financial intermediary may bundle their Securities for redemption with those of other investors to reach the minimum amount of 50,000 Securities; however, there can be no assurance that issuer can or will do so. The issuer may from time to time in its sole discretion reduce this minimum requirement in whole or in part. Any such reduction will be applied on a consistent basis for all holders of the Securities at the time the reduction becomes effective.

Indicative Value

If, at any time, the indicative value for the Securities on any Index Business Day equals \$5.00 or less or (2) the intraday index value on any Index Business Day decreases 30% from the most recent Monthly Initial Closing Level (each such day, an "Acceleration Date"), all issued and outstanding Securities will be automatically accelerated and mandatorily redeemed by UBS (even if the indicative value would later exceed \$5.00 or the intraday index value would increase from the 30% level on such Acceleration Date or any subsequent Index Business Day) for a cash payment equal to the Acceleration Amount.

Exchange Rules Applicable to Trading in the Securities

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

Trading Hours

Trading in the shares on EDGA and EDGX Exchanges (the "Exchanges") is on a UTP basis and is subject to the Exchanges equity trading rules. The shares will trade from 8:00 a.m. until 8:00 p.m. Eastern Time. Members trading the shares 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.

Trading Halts

The Exchanges will halt trading in the shares in accordance with Exchange Rules 14.1(c)(4). The grounds for a halt under this Rule include a halt by the primary market because it stops trading the shares and/or a halt because dissemination of the IIV or applicable currency spot price has ceased, or a halt for other regulatory reasons. In addition, the Exchanges will stop trading the shares if the primary market de-lists the shares.

Suitability

Trading in the shares on the Exchanges will be subject to the provisions of EDGA and EDGX Exchange Rules 3.7. Members recommending transactions in the shares 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 Securities’ Registration Statement, SAI, Prospectus and website for relevant information.

Appendix A

| Ticker | Fund Name | CUSIP |
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| BDCL | 2xLeveraged Long Exchange Traded Access Securities (E-TRACS) Linked to the Wells Fargo® Business Development Company Index due May 24, 2041 | 90267B765 |