



EDGA & EDGX STOCK EXCHANGES			
Regulatory Information Circular			
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**Subject: Oil Futures Contango ETN due June 14, 2041  
Natural Gas Futures Contango ETN due June 14, 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" or "Securities") exchange traded notes ("ETNs"), the Securities are linked to the performance of indices, 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 Securities**

#### ***Oil Futures Contango ETN due June 14, 2041***

The Oil Futures Contango ETN due June 14, 2041 is linked to the performance of the ISE Oil Futures Spread™ Index. The daily return on the Oil Futures Securities is linked to the Oil Index, which is a blended index that tracks a continuous exposure to oil futures prices by taking a one-and-a-half times long position in aggregate of the ISE Sixth Month Oil Futures™ Index, ISE Seventh Month Oil Futures™ Index and ISE Eighth Month Oil Futures™ Index and a 100% long position in the ISE Short Front Month Oil Futures™ Index, which provides short (inverse) exposure to the ISE Long Front Month Oil Futures™ Index (such underlying indices, the "Oil Sub-Indices"). Each of the Oil Sub-Indices seeks to provide investors with exposure to one maturity of Light Sweet Crude Oil (WTI) futures contracts, which reflect the implied futures prices of Light Sweet Crude Oil (WTI).

#### ***Natural Gas Futures Contango ETN due June 14, 2041***

The Natural Gas Contango ETN due June 14, 2041 is linked to the performance of the ISE Natural Gas Futures Spread™ Index. The daily return on the Natural Gas Futures Securities is linked to the Natural Gas Index, which is a blended index that tracks a continuous exposure to natural gas futures prices by taking a 100% long position in aggregate of the ISE Twelfth Month Natural Gas Futures™ Index, ISE Thirteenth Month Natural Gas Futures™ Index and ISE Fourteenth Month Natural Gas Futures™ Index and a 100% long position in the ISE Short Front Month Natural Gas Futures™ Index, which provides short (inverse) exposure to the ISE Long Front Month Natural Gas Futures™ Index (such underlying indices, the "Natural Gas Sub-

Indices”). Each of the Natural Gas Sub-Indices seeks to provide investors with exposure to one maturity of Henry Hub Natural Gas Futures (NG) futures contracts, which reflect the implied futures prices of Henry Hub Natural Gas.

### **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 the Registration Statement, 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**

Subject to the minimum redemption amount of 400,000 Securities, upon early redemption, investor will receive per Security a cash payment on the relevant Redemption Date equal to (a) the product of (i) the Principal Amount and (ii) the Index Performance Ratio as of the Redemption Valuation Date plus (b) the Coupon Amount with respect to the Coupon Valuation Date immediately preceding the Redemption Valuation Date if on the Redemption Valuation Date the Coupon Ex-Date with respect to such Coupon Amount has not yet occurred, plus (c) the Adjusted Coupon Amount, if any, minus (d) the Adjusted Tracking Fee Shortfall, if any, as of the Redemption Valuation Date, minus (e) the Redemption Fee Amount.

### **Indicative Value**

As determined by the Security Calculation Agent as of any date of determination, the Indicative Value is an amount per Security, equal to the product of (i) 0.125% and (ii) the Current Indicative Value as of the immediately preceding Index Business Day.

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

The Securities are considered equity securities, thus rendering trading in the Securities subject to the Exchange’s existing rules governing the trading of equity securities.

### **Trading Hours**

Trading in the Securities on EDGA and EDGX Exchanges (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.

### **Trading Halts**

The Exchanges will halt trading in the Securities 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 Securities 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 Securities if the primary market de-lists the Securities.

### **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 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 Credit Suisse Exchange-Traded Notes (SEC Letter dated October 17, 2007) and Barclays Bank PLC Exchange-Traded Notes (SEC No-Action Letters dated May 30, 2006 and July 27, 2006) for securities with structures similar to that of the securities described herein (the “Letters”). UBS AG represents that it is relying upon the Letters. As what follows is only a summary of the relief outlined in the Letters, the Exchange also advises interested Members to consult the Letters, available at [www.sec.gov](http://www.sec.gov), 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 Letters state 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 Letters state that the SEC Division of Trading and Markets will not recommend enforcement action under Rule 102 of Regulation M against the Issuer and 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 Letters state 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 UBS AG’s Registration Statement, SAI, Prospectus and the Securities’ website for relevant information.**

## Appendix A

<b>Ticker</b>	<b>Fund Name</b>	<b>CUSIP</b>
OILZ	Oil Futures Contango ETN due June 14, 2041	90267B815
GASZ	Natural Gas Futures Contango ETN due June 14, 2041	90267B799