EDGA & EDGX STOCK EXCHANGES			
Regulatory Information Circular			
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Subject: **ETRACS Monthly Pay 2xLeveraged Mortgage REIT ETN due October 16, 2042**

Background Information on the Notes

As more fully explained in the Pricing Supplement to the Registration Statement (Nos. 333-178960 and 333-178960-05) for the ETRACS Monthly Pay 2x Leveraged Mortgage REIT ETN (the "ETNs"), the return of the ETNs is linked to the performance of the Market Vectors® Global Mortgage REITs Index (the "Index"). The maturity date is October 16, 2042. The ETNs are issued by the UBS AG, London Branch (the "Issuer").

Ticker	Note Name	CUSIP
MORL	ETRACS Monthly Pay 2xLeveraged Mortgage REIT ETN	90269A302

Description of the Notes

The Index tracks the overall performance of publicly-traded mortgage REITs that derive at least 50% of their revenues from mortgage-related activities. The ETNs are senior unsecured debt securities issued by UBS AG ("UBS"). The ETNs provide a monthly compounded two times leveraged long exposure to the performance of the Index, reduced by the Accrued Fees. Because the ETNs are two times leveraged with respect to the Index, the ETNs may benefit from two times any positive, but will be exposed to two times any negative, monthly compounded performance of the Index. The ETNs may pay a monthly coupon during their term linked to two times the cash distributions, if any, on the Index Constituent Securities. 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 to the prospectus (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 ETNs prior to maturity, call, acceleration or early redemption.

The ETNs seek to approximate the monthly returns that might be available to investors through a leveraged "long" investment in the Index Constituent Securities. A leveraged "long" investment strategy involves the practice of borrowing money from a third party lender at an agreed-upon rate of interest and using the borrowed money together with investor capital to purchase assets (e.g., the Index Constituent Securities). A leveraged "long" investment strategy terminates with the sale of the underlying assets and repayment of the third party lender, provided that the proceeds of the sale of underlying assets are sufficient to repay the loan. By implementing a leveraged strategy, the leveraged investor seeks to benefit from an anticipated increase in the value of the assets between the purchase and sale of such assets, and assumes that the increase in value of the underlying assets will exceed the cumulative interest due to the third party lender over the term of the loan. In order to seek to replicate a leveraged "long" investment strategy in the Index Constituent Securities, the ETNs provide that each $25 invested by investors on the Initial Trade Date is leveraged through a notional loan of $25 on the Initial Trade Date. Investors are thus considered to have notionally borrowed $25, which, together with the $25 invested, represents a notional investment of $50 in the Index Constituent Securities on the Initial Trade Date. During the term of the ETNs, the leveraged portion of the notional investment, which will be equal to the Current Principal Amount, accrues financing charges for the benefit of UBS referred to as the "Accrued Financing Charge", which seeks to represent the monthly amount of interest that leveraged investors might incur if they sought to borrow funds at a similar rate from a third-party lender. Upon maturity or call, upon acceleration or upon early redemption, the investment in the Index Constituent Securities is notionally sold at the then-current values of the Index Constituent Securities, and the investor then notionally repays UBS an amount equal to the principal of the notional loan plus accrued interest. In order to mitigate the risk to UBS that the value of the Index Constituent Securities is not sufficient to repay the principal and Accrued Financing Charge of the notional loan, an automatic early termination of the ETNs is provided for under the "Acceleration upon Minimum Indicative Value" provisions hereunder.

Payment at Maturity

For each ETN, unless earlier redeemed, called or accelerated, investors will receive at maturity a cash payment equal to (a) the product of (i) the Current Principal Amount and (ii) the Index Factor as of the last Trading Day in the applicable Measurement Period plus (b) the final Coupon Amount if on such last Trading Day the Coupon Ex-Date with respect to the final Coupon Amount has not yet occurred, plus (c) the Stub Reference Distribution Amount as of such last Trading Day, if any, minus (d) the Accrued Fees as of such last Trading Day. If the amount so calculated is less than zero, the payment at maturity will be zero.

Current Indicative Value

As determined by the Calculation Agent as of any date of determination, an amount per ETN of any series equal to the product of (i) the Current Principal Amount and (ii) the Index Factor as of such date, calculated using the Index Closing Level on such date as the Index Valuation Level.

For a more complete description of the ETNs and the Index, visit the ETNs' website at www.ubs.com.

Principal Risks

For each ETN, unless earlier redeemed, called or accelerated, an investor will receive at maturity a cash payment equal to (a) the product of (i) the Current Principal Amount and (ii) the Index Factor as of the last Trading Day in the applicable Measurement Period plus (b) the final Coupon Amount if on such last Trading Day the Coupon Ex-Date with respect to the final Coupon Amount has not yet occurred, plus (c) the Stub Reference Distribution Amount as of such last Trading Day, if any, minus (d) the Accrued Fees as of such last Trading Day. If the amount so calculated is less than zero, the payment at maturity will be zero. Other risks include correlation and compounding risk; leverage risk; market risk; credit of issuer risk; risk that a trading market for the ETNs may not develop; risk that securities may not provide a hedge against price and/or value decreases or increases; non-guarantee of a coupon payment; minimum redemption amount risk; irrevocable redemption election risk; potential automation acceleration; uncertain tax treatment risk and UBS's call right risk.

Additional risks are described in the Pricing Supplement for the ETNs, available at www.ubs.com.

Exchange Rules Applicable to Trading in the Shares

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

Trading Hours

Trading in the ETNs 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 Shares will trade from 8:00 a.m. until 8:00 p.m. Eastern Time. Members trading the ETNs 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 Index value or intraday indicative value ("IIV"). For certain derivative securities products, an updated Index value or IIV may not be calculated or publicly disseminated in the Extended Market hours. Since the 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 ETNs on the Exchanges will be subject to the provisions of EDGA and EDGX Exchange Rules 3.7. Members recommending transactions in the ETNs 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.

Trading Halts

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

Delivery of a Prospectus

Members are advised to consult the "Supplemental Plan of Distribution" in the Product Supplement regarding Prospectus delivery requirements.

Exemptive, Interpretive and No-Action Relief Under Federal Securities Regulations

The Commission has issued letters (together, the "No- Action Letters") dated June 27, 2007, April 9, 2007, October 24, 2006, and November 21, 2005 granting exemptive, interpretive and no-action relief from certain provisions of and rules under the Securities Exchange Act of 1934 for exchange-traded funds listed and traded on a registered national securities exchange that meet certain criteria. Members should refer to the No Action Letters, available at www.sec.gov, for additional information.

Regulation M Exemptions

Generally, Rules 101 and 102 of Regulation M prohibit any "distribution participant" and its "affiliated purchasers" 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.

The Commission issued a No-Action Letter by which persons participating in a distribution of shares of a fund may engage in secondary market transactions in such shares during their participation in such a distribution, despite the requirements of from Rule 101 under Regulation M. In addition, the SEC has permitted persons who may be deemed to be participating in the distribution of shares of a fund (i) to purchase securities for the purpose of purchasing creation unit aggregations of fund shares and (ii) to tender securities for redemption in Creation Unit Aggregations. Further, the Commission has clarified that the tender of fund shares to the Fund for redemption does not constitute a bid for or purchase of any of the Fund's securities during the restricted period of Rule 101. The Commission has issued a No-Action Letter relating to paragraph (e) of Rule 102 under Regulation M to allow the redemption of fund shares in creation unit aggregations during the continuous offering of shares.

Section 11(d)(1); SEC Rules 11d1-1 and 11d1-2

Section 11(d)(1) of the 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 participated as a member of a selling syndicate or group within thirty days prior to such transaction. The Commission has clarified that Section 11(d)(1) does not apply to broker-dealers that are not authorized participants (and, therefore, do not create creation unit aggregations) that engage in both proprietary and customer transactions in shares of a fund in the secondary market, and for broker-dealer authorized participants that engage in creations of creation unit aggregations. This relief is subject to specific conditions, including the condition that such broker-dealer (whether or not an authorized participant) does not, directly or indirectly, receive from the fund complex any payment, compensation or other economic incentive to promote or sell the shares of a fund to persons outside the fund complex, other than non-cash compensation permitted under NASD Rule 2830 (I)(5)(A), (B) or (C). See letter dated November 22, 2005 from Brian A Bussey, Assistant Chief Counsel, SEC Division of Market Regulation, to Barclays Global Investors, N.A., dated November 22, 2005. The Commission has issued a No-Action Letter under Section 11(d)(1) of the Act stating that broker-dealers may treat shares of a fund, 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 shares 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 Trust's Registration Statement and Pricing Supplement, Prospectus and the ETNs' website for relevant information.