



EDGA & EDGX STOCK EXCHANGES			
Regulatory Information Circular			
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Subject: ETRACS Daily Short 1-Month/2-Month/3-Month/4-Month/5-Month/6-Month S&P 500 VIX Futures ETNs due September 6, 2041

ETRACS 1-Month/2-Month/3-Month/4-Month/5-Month/6-Month S&P 500 VIX Futures ETN due September 6, 2041

Background Information on the Securities

As more fully explained in the Registration Statement No. 333-156695 for the ETRACS (together, the “ETNs”), the Securities are senior unsecured debt securities issued by UBS AG. Each series of the Securities provides exposure to the daily performance, or for the ETRACS Daily Short ETNs, the inverse performance, of the related index in the S&P 500 VIX Futures Index Series (each an “Index,” and collectively, the “Indices”), reduced by the Tracking Fee (as described in the Registration Statement). Each Index is designed to provide investors with exposure to futures contracts on the CBOE Volatility Index (the “VIX Index”) having a constant weighted average maturity ranging from one month to six months, depending on the series of the Securities purchased.

Description of the Securities

S&P 500 VIX Futures Indices

The return on each series of ETNs is linked to the performance, or for the ETRACS Daily Short ETNs, the inverse performance, of the related Index in the S&P 500 VIX Futures Index Series. Each Index seeks to provide investors with exposure to futures contracts on the VIX Index having a constant weighted average maturity ranging from one month to six months, depending on the series of Securities purchased. The VIX Index reflects implied volatility of the S&P 500® Index, an Index published by Standard & Poor’s Financial Services LLC, a subsidiary of The McGraw-Hill Companies, Inc. (“S&P”), at various points along the forward volatility curve. The calculation of the spot level of the VIX Index is based on prices of put and call options on the S&P 500® Index. Futures on the VIX Index allow investors the ability to invest in forward volatility based on their view of the future direction of movement of the VIX Index. Each Index is intended to reflect the returns that are potentially available through an unleveraged investment in futures contracts on the VIX Index having a constant weighted average maturity ranging from one month to six months, plus a daily fixed-income return, which reflects the interest earned on a hypothetical 91day Treasury Bill portfolio theoretically deposited as margin for hypothetical

positions in the futures contracts comprising the relevant Index.

Payment at Maturity

For each Security, unless earlier redeemed, called or accelerated, investors will receive at maturity a cash payment equal to the Current Principal Amount of the Security (as defined in the Registration Statement) on the Final Valuation Date. If the amount so calculated is less than zero, the payment at maturity will be zero.

Redemption Amount

Subject to the minimum redemption amount of 25,000 Securities of the same series and to compliance with the procedures described in the Prospectus Supplement regarding early redemption under “Specific Terms of the Securities — Early Redemption at the Option of the Holders,” upon early redemption, investors will receive per Security a cash payment on the relevant Redemption Date equal to the Current Principal Amount on the applicable Valuation Date minus the Redemption Fee, as described in the Registration Statement.

UBS Call Right

On any Trading Day on or after September 12, 2012 through and including the Maturity Date, UBS may at its option redeem all, but not less than all, issued and outstanding Securities of any series. To exercise its Call Right, UBS must provide notice to the holders of the Securities of that series not less than ten calendar days prior to the Call Settlement Date. Upon early redemption in the event UBS exercises this right, investors will receive per Security a cash payment (the “Cash Settlement Amount”, on a date (the “Cash Settlement Date”) equal to the Current Principal Amount on the applicable Valuation Date. If the amount so calculated is less than zero, the payment upon exercise of the Call Right will be zero.

Acceleration Upon Minimum Indicative Value

If, at any time, the indicative value of the Securities of any series on any Trading Day (i) equals \$5.00 or less or (ii) decreases in value at least 60% as compared to the closing indicative value on the previous Trading Day (each such date, an “Acceleration Date”), all issued and outstanding Securities of that series will be automatically accelerated and mandatorily redeemed by UBS (even if the indicative value would later exceed \$5.00 or increase from the 60% level on such Acceleration Date or any subsequent Trading Day) for a cash payment equal to the Current Principal Amount calculated on and as of the Acceleration Date (“Acceleration Amount.” The Acceleration Amount will be paid to Securities holders on the third Trading Day after the Acceleration Date (“Settlement Date”).

Calculation Agent

The Calculation Agent is UBS Securities LLC.

Valuation Dates

The applicable Valuation Date means (i) with respect to an early redemption, the third Trading Day prior to the related Redemption Date, which day is also the first Trading Day following the date that a Redemption Notice and Redemption Confirmation are delivered in compliance with the redemption procedures, (ii) with respect to UBS's exercise of its "Call Right," the third Trading Day prior to the Call Settlement Date, (iii) with respect to an acceleration upon minimum indicative value, the Acceleration Date, and (iv) with respect to the Maturity Date, the Final Valuation Date. The "Final Valuation Date" will be the Trading Day that falls on September 3, 2041. If any of the applicable Valuation Dates, including the Final Valuation Date, is not a Trading Day, then such Valuation Date or Final Valuation Date will be the next succeeding Trading Day, but such delay will not exceed three Trading Days.

Principal Risks

Investment in the Securities will involve significant risks including the risk of losing some or all of the investment, market risk, credit risk, call risk, short exposure risk and automatic acceleration risk. As described in more detail in the Registration Statement, the trading price of the Securities may vary 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. Additional risks are described in the Registration Statement.

The Securities are designed for traders. Investors that do not understand the effects of daily resets and the negative carry associated with VIX futures and, for the ETRACS Daily Short ETNs, the negative effects of the Event Risk Weekly Hedge Cost, as described in the applicable Registration Statement, should not invest in the Securities. The Securities are designed as an investment vehicle for sophisticated investors who understand the risks of investing in the performance, or, for the ETRACS Daily Short ETNs, the inverse performance of an index comprised of futures contracts having a constant weighted average maturity ranging from one month to six months plus an interest component linked to the 91-day Treasury Bill. The Securities are not intended to be a "buy and hold" investment.

As described in more detail in the Registration Statement, 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.

The applicable Registration Statement also includes a discussion of fees and costs associated with an investment in the Securities. Additional information regarding the Securities is available at www.ubs.com/e-tracs.

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 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 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 the Securities’ [website](#) for relevant information.

Appendix A

Ticker	Fund Name	CUSIP
AAVX	ETRACS Daily Short 1-Month S&P 500 VIX Futures ETN due September 6, 2041	90268A873
BBVX	ETRACS Daily Short 2-Month S&P 500 VIX Futures ETN due September 6, 2041	90268A865
CCVX	ETRACS Daily Short 3-Month S&P 500 VIX Futures ETN due September 6, 2041	90268A857
DDVX	ETRACS Daily Short 4-Month S&P 500 VIX Futures ETN due September 6, 2041	90268A840
EEVX	ETRACS Daily Short 5-Month S&P 500 VIX Futures ETN due September 6, 2041	90268A832
FFVX	ETRACS Daily Short 6-Month S&P 500 VIX Futures ETN due September 6, 2041	90268A824
VXAA	ETRACS 1-Month S&P 500 VIX Futures ETN due September 6, 2041	90268A204
VXBB	ETRACS 2-Month S&P 500 VIX Futures ETN due September 6, 2041	90268A303
VXCC	ETRACS 3-Month S&P 500 VIX Futures ETN due September 6, 2041	90268A402
VXDD	ETRACS 4-Month S&P 500 VIX Futures ETN due September 6, 2041	90268A501
VXEE	ETRACS 5-Month S&P 500 VIX Futures ETN due September 6, 2041	90268A600
VXFF	ETRACS 6-Month S&P 500 VIX Futures ETN due September 6, 2041	90268A709