



## Information Circular 10-057

**Date:** May 26, 2010

**Re: E-TRACS UBS AG Exchange Traded Access Exchange-Traded Notes**

Pursuant to Rule 14.1(c)(2) of the Rules of BATS Exchange, Inc. (the "Exchange"), this Information Circular is being issued to advise you that the following securities have been approved for trading on the Exchange as UTP Derivative Securities pursuant to Chapter XIV of the Exchange's Rules.

<u>Security ("Notes")</u>	<u>Symbol</u>
UBS AG E-TRACS linked to the Performance of the S&P 500 Gold Hedged Index due January 30, 2040	SPGH

**Commencement of Trading on the Exchange:** May 27, 2010

**Issuer/Trust:** UBS AG

**Issuer Website:** <http://www.ubs.com>

**Primary Listing Exchange:** NYSE Arca

**Primary Exchange Circular:** RB-10-15, (January 28, 2010)

**Registration Statement:** No. 333-156695

The purpose of this information circular is to outline various rules and policies that will be applicable to trading in this new product on the Exchange, as well as to provide certain characteristics and features of the Notes.

### Background Information on the Notes

UBS AG (the "Issuer") has issued Exchange Traded Access Securities ("E-TRACS" or "Notes") linked to the S&P 500 Gold Hedged Index (the "Index"). The Notes were priced at \$25 each and mature on January 30, 2040. The Notes do not pay interest.

The Notes are senior unsecured debt securities and are not guaranteed or insured by the Federal Deposit Insurance Corporation or secured by collateral. The Notes will not pay interest during the term of the securities.

The Index seeks to simulate the combined returns of an investment of equal U.S. dollar amounts in the S&P 500 Total Return Index and long positions in near-term exchange-traded COMEX gold futures contracts. COMEX gold futures contracts are listed, bilateral agreements providing for the purchase and sale of a specified type and quantity of gold during a stated delivery month for a fixed price. On a monthly basis, the Index rebalances and equalizes its notional allocation to the S&P 500 Total Return Index and to the COMEX gold futures contracts. The COMEX gold futures contracts are rolled forward periodically. Because the Index represents an investment in both the S&P 500 Total Return Index and COMEX gold futures contracts, it provides exposure to U.S. large-cap equities, as represented by the S&P 500 Total Return Index, and may provide a hedge against periodic declines in the value of the U.S. dollar, as expressed in the corresponding increases in the price of gold.

At maturity, investors will receive:

(\$25 X Index Performance Ratio) – Fee Amount

The Index Performance Ratio is:

$$\frac{\text{Index Ending Level}}{\text{Index Starting Level}}$$

The Index Starting Level will be the closing level of the Index on the initial trade date. The Index Ending Level will be the closing level of the Index on the applicable valuation date.

Please see the prospectus for the Notes for more details regarding the calculations and details regarding the Index.

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 price of gold, and the credit ratings of the Issuer.

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

Trading in the Notes on BATS is subject to BATS equity trading rules.

### **Trading Hours**

The Notes will trade on BATS between 8:00 a.m. and 5:00 p.m. ET.

Please note that trading in the Notes during the Exchange's Pre-Opening and Post-Close Sessions may result in additional trading risks which include: (1) that the current underlying indicative value may not be updated during the Pre-Opening and Post-Close Sessions, (2) lower liquidity in the Pre-Opening and Post-Close Sessions may impact pricing, (3) higher volatility in the Pre-Opening and Post-Close Sessions may impact pricing, (4) wider spreads may occur in the Pre-Opening and Post-Close Sessions, and (5) because the indicative value is not calculated or widely disseminated during the Pre-Opening or Post-Close Sessions, an investor who is unable to calculate an implied value for the Shares in those sessions may be at a disadvantage to market professionals.

### **Suitability**

Trading in the securities on BATS will be subject to the provisions of Exchange Rule 3.7. Members recommending transactions in the securities to customers should make a determination that the recommendation is suitable for the customer. Members should adopt appropriate procedures for the opening and maintaining of accounts, including the maintaining of records prescribed by any applicable regulatory organization and by the rules and regulations of the Commission.

### **Trading Halts**

BATS will halt trading in the shares of a security in accordance with BATS Rule 14.1(c)(4). The grounds for a halt under BATS Rule 14.1(c)(4) include a halt by the primary market because the intraday indicative value of the security and/or the value of its underlying index are not being disseminated as required, or a halt for other regulatory reasons. In addition, BATS will stop trading the shares of a security if the primary market de-lists the security.

**This Information Circular is not a statutory prospectus. BATS Members should consult the prospectus for a security and the security's website for relevant information.**

Please contact Eric Swanson at 913.815.7000 with any inquiries regarding this Information Circular.