



**BZX Information Circular 16-010**  
**BYX Information Circular 16-010**

**EDGA Information Circular 16-010**  
**EDGX Information Circular 16-010**

Date: February 10, 2016

Re: UBS AG ETRACS ETNs

Pursuant to the Rules of BATS Exchange, Inc. ("BZX"), BATS Y-Exchange, Inc. ("BYX"), EDGA Exchange, Inc. ("EDGA") and EDGX Exchange, Inc. ("EDGX", each such exchange referred to hereafter as "BATS" or the "Exchange" and together with BZX, BYX and EDGA, the "Exchange"), this Information Circular is being issued to advise you that the following securities have been approved for trading pursuant to unlisted trading privileges ("UTP") on the Exchange as UTP Derivative Securities pursuant to Chapter XIV of the Exchange's Rules.

<b><u>Securities (the "Fund")</u></b>	<b><u>Symbol</u></b>
ETRACS 2xMonthly Leveraged Alerian MLP Infrastructure Index ETN Series B due February 12, 2046	MLPQ
ETRACS 2xMonthly Leveraged S&P MLP Index ETN Series B due February 12, 2046	MLPZ

**Commencement of Trading on the Exchange:** February 11, 2016

**Issuer/Trust:** UBS AG

**Issuer/Trust Website:** <http://etracs.ubs.com>

**Primary Listing Exchange:** NYSE Arca

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.

As more fully explained in the Prospectus Supplements dated February 8, 2016 and the Base Prospectuses dated June 12, 2015 for the ETRACS 2xMonthly Leveraged Alerian MLP Infrastructure Index ETN Series B due February 12, 2046 and the ETRACS 2xMonthly Leveraged S&P MLP Index ETN Series B due February 12, 2046 (the "ETNs") (File No. 333-204908), the return of each of the ETNs is linked to two times the leveraged long exposure to the compounded monthly performance of an underlying index. Neither of the ETNs guarantees any return of principal at maturity. The investor may receive periodic interest payments under the circumstances described in each prospectus supplement and a cash payment at maturity or upon early redemption based on the performance of each ETNs underlying index. The ETNs are senior unsecured obligations of UBS AG (the "Issuer") and mature on February 12, 2046.

Each of the ETNs is linked to the performance of an underlying index.

**MLPQ:** These ETNs seek to provide two times leveraged long exposure to the compounded monthly performance of the Alerian MLP Infrastructure Index (the "MLP Infrastructure Index"). The MLP Infrastructure Index, comprising 22 energy infrastructure MLPs, is a subset of the Alerian MLP Index. The MLP Infrastructure Index, whose constituents earn the majority of their cash flow from the transportation, storage, and processing of energy commodities, provides investors with a benchmark for the infrastructure

component of this emerging asset class. The MLP Infrastructure Index is calculated using a capped, float-adjusted, capitalization-weighted methodology.

**MLPZ:** These ETNs seek to provide two times leveraged long exposure to the compounded monthly performance of the S&P MLP Index (the “MLP Index”). The MLP Index is designed to measure leading Master Limited Partnerships (“MLPs”) and limited liability companies (“LLCs”) that trade on major U.S. exchanges. MLPs are limited liability partnerships that are publicly traded on a securities exchange. Publicly traded LLCs have a similar legal structure to MLPs and share the same tax characteristics. As the vast majority of traded partnerships have operations in the oil and gas industries, the MLP Index focuses on companies in the Global Industry Classification Standard (“GICS”) Energy Sector and the GICS Gas Utilities Industry.

The ETNs are subject to early redemption or acceleration in whole or in part at any time. Accordingly, an investor should not expect to be able to hold the ETNs to maturity. Additionally, the ETNs do not guarantee any return of principal at, or prior to, maturity or call, or upon early redemption. Instead, at maturity, investors will receive a cash payment, the amount of which will vary depending on the performance of the applicable underlying index and will be reduced by any applicable fees. Such payment at maturity may be zero.

The ETNs may be redeemed early, at the investor’s option, subject to a minimum redemption amount of 50,000 securities. Upon such early redemption, the investor will receive a cash payment that is based on the performance the applicable underlying index, less any applicable fees.

Each ETN’s initial indicative value current value on the initial valuation date will equal \$25.00. The closing indicative value on any business day after the inception date will be based on a monthly compounded two times leveraged participation in the performance of the ETN’s underlying index.

The Intraday Indicative Value for the ETNs will be disseminated by market data vendors under the symbols MLPQ.IV and MLPZ.IV.

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 dividend yield of the stocks comprising the Index, and the credit ratings of the Issuer.

### **Investment Risks**

As described in each ETNs’ Prospectus Supplement, investing in the ETNs involves a number of risks not associated with an investment in conventional debt securities. An investment in the ETNs involves significant risks and is not appropriate for every investor. Investing in the ETNs is not equivalent to investing directly in an underlying index. Accordingly, the ETNs should be purchased only by knowledgeable investors who understand the terms of the investment in the ETNs and are familiar with the behavior of each underlying index and financial markets generally.

Interested persons are referred to each Prospectus for a full description of risks associated with an investment in the ETNs. These risks include, correlation and compounding risk, leverage risk, market risk, credit of issuer risk, risk of potential over-concentration in a particular industry, risk of potential automatic acceleration, risk that a trading market for the securities may not develop, risks associated with an early redemption, and risks associated with uncertain tax treatment. The ETNs are riskier than ordinary unsecured debt securities.

For a more complete description of the securities and the payment at maturity, valuation, fees and risk factors, consult the Prospectus Supplements.

## **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. The Notes will trade on EDGA and EDGX between 8:00 a.m. and 8:00 p.m. ET.

Please note that trading in the Notes during the Exchange's Pre-Opening and After Hours/Post Closing Trading Sessions ("Extended Market Sessions") may result in additional trading risks which include: (1) that the current underlying indicative value may not be updated during the Extended Market Sessions, (2) lower liquidity in the Extended Market Sessions may impact pricing, (3) higher volatility in the Extended Market Sessions may impact pricing, (4) wider spreads may occur in the Extended Market Sessions, and (5) because the indicative value is not calculated or widely disseminated during the Extended Market 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 the Exchange 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**

The Exchange will halt trading in the shares of a security in accordance with Exchange Rules. The grounds for a halt include a halt because the intraday indicative value of the security and/or the value of its underlying index are not being disseminated as required, a halt for other regulatory reasons or due to other conditions or circumstances deemed to be detrimental to the maintenance of a free and orderly market.

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

Please contact Listings Services at 913.815.7260 with any inquiries regarding this Information Circular.