



BZX Information Circular 16-081
BYX Information Circular 16-081

EDGA Information Circular 16-081
EDGX Information Circular 16-081

Date: July 14, 2016

Re: UBS AG ETNs

Pursuant to the Rules of Bats BZX Exchange, Inc. ("BZX"), Bats BYX Exchange, Inc. ("BYX"), Bats EDGA Exchange, Inc. ("EDGA") and Bats 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.

<u>Securities (the "Notes")</u>	<u>Symbol</u>
VelocityShares VIX Variable Long/Short ETN linked to the S&P 500 VIX Futures Variable Long/Short Index – Short Term due July 18, 2046	LSVX
VelocityShares VIX Tail Risk ETN linked to the S&P 500 VIX Futures Tail Risk Index – Short Term due July 18, 2046	BSWN
VelocityShares VIX Short Volatility Hedged ETN linked to the S&P 500 VIX Futures Short Volatility Hedged Index – Short Term due July 18, 2046	XIVH

Commencement of Trading on the Exchange: July 15, 2016

Issuer/Trust: UBS AG

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.

Background Information on the Notes

As more fully explained in the Prospectus Supplement dated July 13, 2016 and the Prospectus dated April 29, 2016 for the three ETNs identified above (the "ETNs") (File No. 333-204908), the return of each ETN is linked to the performance of an underlying index (each an "Index"), as described below. The ETNs do not guarantee any return of principal at maturity. The investor may receive a cash payment at maturity or upon early redemption based on the performance of the applicable underlying index. The ETNs are senior unsecured debt obligations of UBS AG (the "Issuer") and mature on July 18, 2046.

Variable Long/Short Securities

The Variable Long/Short Securities are linked to the total return version of the S&P 500 VIX Futures Variable Long/Short Index – Short Term (the "Variable Long/Short Index"). Each of the 13 sub-portfolios of the Variable Long/Short Index initially has a target exposure of a 33.33% two times leveraged long position and a 66.67% unleveraged short position in the S&P 500 VIX Short-Term Futures Index (the "Short-Term Futures

Index”). This volatility strategy is intended to switch between being net long VIX futures and net short VIX futures, depending on conditions in the market, with the goal of having a net long exposure to VIX futures during periods of high volatility and a net short exposure to VIX futures during periods of low volatility.

Tail Risk Securities

The Tail Risk Securities are linked to the total return version of the S&P 500 VIX Futures Tail Risk Index – Short Term (the “Tail Risk Index”). Each of the 13 sub-portfolios has a target exposure of a 45% two times leveraged long position and a 55% unleveraged short position in the Short-Term Futures Index, which is intended to result in a net long position in VIX futures. This volatility strategy is intended to provide net long exposure to VIX futures, which exposure is more likely to increase in value when volatility increases and more likely to decrease in value when volatility declines, partially mitigated through the short exposure to VIX futures.

Short Volatility Hedged Securities

The Short Volatility Hedged Securities are linked to the total return version of the S&P 500 VIX Futures Short Volatility Hedged Index – Short Term (the “Short Volatility Hedged Index”). Each of the 13 sub-portfolios initially has a target exposure of a 10% two times leveraged long position and a 90% unleveraged short position in the Short-Term Futures Index, which is intended to result in a net short position as to VIX futures. This volatility strategy is intended to give net short exposure to VIX futures, which exposure is expected to decrease in value when volatility increases and expected to increase in value when volatility declines, while providing a hedge against a large spike in VIX futures.

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 and applicable fees.

The ETNs may be redeemed early, at the holder’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 of the applicable underlying index, less any applicable fees.

Each ETNs’ closing indicative value on the initial trade date will equal \$25.00. Each closing indicative value on any business day after the inception date will be based on the performance of the applicable underlying index.

The Intraday Indicative Value for each of the ETNs will be disseminated by market data vendors under the symbol LSVX.IV for LSVX, BSWN.IV for BSWN and XIVH.IV for XIVH.

Additional information regarding the ETNs, including information about redemption procedures, fees, and dividends can be found in the Product Supplement.

Investment Risks

As described in the 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 indices and financial markets generally.

Interested persons are referred to the Prospectus for a full description of risks associated with an investment in the ETNs. These risks include, market and volatility risk, credit of issuer risk, long holding period risk, the risk that a trading market for the securities may not develop, risks relating to uncertain tax treatment and risks associated with the Issuer’s call right. The ETNs are riskier than ordinary unsecured debt securities.

For a more complete description of the securities and the payments at maturity, valuation, fees and risk factors, consult the ETNs' Prospectus Supplement.

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. 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.