



BZX Information Circular 13-113
BYX Information Circular 13-113

Date: December 18, 2013

Re: ETRACS Monthly Pay 2X Leveraged Closed-End Fund ETNs

Pursuant to Rule 14.1(j)(2) of the Rules of BATS Exchange, Inc. and 14.1(c)(2) of the Rules of BATS Y-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.

Security ("Notes")

Symbol

ETRACS Monthly Pay 2X Leveraged Closed-End Fund ETNs

CEFL

Commencement of Trading on the Exchange: December 19, 2013

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

UBS AG (the "Issuer") has issued Exchange Traded Notes ("ETNs" or "Securities" or "Notes") due December 10, 2043 that are linked to the performance of the ISE High Income Index the "Index"). The Securities provide a monthly compounded two times leveraged long exposure to the performance of the Index, reduced by the accrued fees.

Because the Securities are two times leveraged with respect to the Index, the Securities may benefit from two times any positive, but will be exposed to two times any negative, monthly compounded performance of the Index. The Securities may pay a monthly coupon during their term linked to two times the cash distributions, if any, on the Index Constituent Securities. But if the Index Constituent Securities do not make any cash distributions, investors will not receive a monthly coupon. Investors will receive a cash payment at maturity, upon acceleration or upon exercise by the Issuer 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. Investors 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 prospectus for the ETNs. Payment at maturity or call, upon acceleration or upon early redemption will be subject to the creditworthiness of the Issuer. In addition, the actual and perceived creditworthiness of the Issuer will affect the market value, if any, of the Securities prior to maturity, call, acceleration or early redemption. Investing in the Securities involves significant risks. Investors may lose some or all of their principal at maturity, early redemption, acceleration or upon exercise by the Issuer of its call right if the monthly compounded leveraged return of the Index is not sufficient to offset the negative effect of the accrued fees and the redemption fee, if applicable. Investors may not receive any monthly coupon payment during the term of the Securities.

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, 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 After Hours Trading 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 After Hours Trading Sessions, (2) lower liquidity in the Pre-Opening and After Hours Trading Sessions may impact pricing, (3) higher volatility in the Pre-Opening and After Hours Trading Sessions may impact pricing, (4) wider spreads may occur in the Pre-Opening and After Hours Trading Sessions, and (5) because the indicative value is not calculated or widely disseminated during the Pre-Opening or After Hours Trading 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 Membership Services at 913.815.7002 with any inquiries regarding this Information Circular.