



## INFORMATION CIRCULAR: UBS AG

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**TO:** Head Traders, Technical Contacts, Compliance Officers, Heads of ETF Trading, Structured Products Traders

**FROM:** Nasdaq / BX / PHLX Listing Qualifications Department

**DATE:** February 18, 2016

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### EXCHANGE-TRADED PRODUCT

**SYMBOL**    **CUSIP #**

ETRACS S&P GSCI Crude Oil Total Return Index ETN due February 22, 2046      OILX    90270L354

### INFORMATION ON THE SECURITIES

UBS AG (the “Issuer”) has issued ETRACS S&P GSCI Crude Oil Total Return Index ETNs (“ETNs” or “Notes” or “Securities”) due February 22, 2046 linked to the performance of the S&P GSCI Crude Oil Total Return Index (the “Index”). The ETNs do not guarantee any return of principal. Investors should be willing to lose up to 100% of their investment if the Index declines.

The Securities are Series B senior unsecured debt securities that provide exposure to potential price appreciation in the Index, subject to a Fee Amount of 0.50% per annum. The Index is a sub-index of the S&P GSCI commodity index (“S&P GSCI”) and measures the returns from the West Texas Intermediate crude oil futures contract traded on the New York Mercantile Exchange. Investing in the Securities involves significant risks. The Securities do not pay any interest during their term. Instead, investors will receive a cash payment at maturity or upon exercise by the Issuer of its call right, based on the performance of the Index less the Fee Amount. Investors will receive a cash payment upon early redemption based on the performance of the Index less the Fee Amount and the Redemption Fee Amount.

The Index is a sub-index of the S&P GSCI commodity index (“S&P GSCI”) and reflects the excess returns that are potentially available through an unleveraged investment in the contracts comprising the Index, plus the Treasury Bill rate of interest that could be earned on funds committed to the trading of the underlying contracts (the “Index Commodities”). The only contract currently used to calculate the Index is the West Texas Intermediate (“WTI”) crude oil futures contract traded on the New York Mercantile Exchange. The S&P GSCI is an index on a production-weighted basket of futures contracts on physical commodities traded on trading facilities in major industrialized countries. The Index is sponsored by S&P Dow Jones Indices LLC, a division of The McGraw-Hill Companies, Inc. (“SPDJI” or the “Index Sponsor”). The Index is calculated using the same methodology as the S&P GSCI, except that it is comprised of only one futures contract.

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.

Trading in the Notes on NASDAQ is on a UTP basis and is subject to NASDAQ equity trading rules. Trading in the Notes on BX is on a UTP basis and is subject to BX equity trading rules. Trading in the Notes on PHLX's PSX system is on a UTP basis and is subject to PHLX rules. The Notes will trade on NASDAQ from 7:00 a.m. until 8:00 p.m. Eastern Time. The Notes will trade on BX from 8:00 a.m. until 7:00 p.m. Eastern Time. The Notes will trade on PSX from 9:00 a.m. until 5:00 p.m. Eastern Time. For trading during each market's pre-market and post-market sessions, market participants should note that additional risks may exist with respect to trading the Notes during these sessions, when the underlying index's value or similar value may not be disseminated.

NASDAQ will halt trading in the Notes in accordance with NASDAQ Rule 4120. BX will halt trading in the Notes in accordance with BX Equity Rule 4120. PHLX will halt trading in the Notes in accordance with PHLX Rule 3100. The grounds for a halt under each of these rules include a halt by the primary market because the value of the underlying index or a similar value is not being disseminated as required, or a halt for other regulatory reasons. In addition, NASDAQ, BX and PHLX will also stop trading the Notes if the primary market delists the Notes.

Trading of the Notes on NASDAQ is subject to the provisions of NASDAQ Rule 2310. Trading of the Notes on BX is subject to the provisions of BX Rule 2310. Members recommending transactions in the Notes to customers should make a determination that the securities are suitable for the customer. In addition, members must possess sufficient information to satisfy the "know your customer" obligation that is embedded in the NASDAQ Conduct Rules and BX Conduct Rules.

Members and member organizations recommending transactions in the Notes to customers should make a determination that the recommendation is suitable for the customer, as provided by PHLX Rule 763.

Nasdaq members, BX members and PHLX members and member organizations should also review NASD 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.

**This Information Circular is not a statutory prospectus. NASDAQ members, BX members and PHLX members and member organizations should consult the registration statement or prospectus for the Notes for additional information.**

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Inquiries regarding this Information Circular should be directed to:

- Will Slattery, Listing Qualifications, at 301.978.8088
- NASDAQ / BX/ PSX Market Sales at 800.846.0477