



INFORMATION CIRCULAR: UBS AG

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

FROM: Nasdaq / BX / PHLX Listing Qualifications Department

DATE: January 5, 2017

EXCHANGE-TRADED PRODUCT

	SYMBOL	CUSIP #
ProShares Daily 3x Long Crude ETN linked to the Bloomberg WTI Crude Oil Subindex ER due January 4, 2047	WTIU	90274E117
ProShares Daily 3x Inverse Crude ETN linked to the Bloomberg WTI Crude Oil Subindex ER due January 4, 2047	WTID	90274E125

INFORMATION ON THE SECURITIES

UBS AG (the “Issuer”) has issued Exchange Traded Notes (“ETNs” or “Notes” or “Securities”) due May 16, 2036 that are linked to the Bloomberg WTI Crude Oil Subindex ER (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 Issuer is offering and selling two separate series of exchange traded notes (each, a “series of Securities” and collectively, the “Securities”). The Securities are Series B senior unsecured debt securities that provide either positive (in the case of the 3X Long Securities) or negative (in the case of the 3X Inverse Securities) leveraged exposure to the performance of the Index, reduced by the Annual Tracking Fee (as described below). Investing in the Securities involves significant risks. The performance of the Index, and, as a result, the return on each series of the Securities is dependent upon the price of West Texas Intermediate crude oil futures contracts.

The return on the 3X Long Securities is three times leveraged. Because the return is leveraged, if the Index level increases on any day the 3X Long Securities will increase by three times the daily performance of the Index (before taking into account the Annual Tracking Fee, Redemption Fee Amount and creation fee, as applicable). However, if the Index level decreases on any day, the 3X Long Securities will decrease by three times the daily performance of the Index (before taking into account the Annual Tracking Fee, Redemption Fee Amount and creation fee, as applicable). Conversely, the 3X Inverse Securities provide a three times leveraged inverse exposure to changes in the level of the Index. Thus, if the Index level decreases on any day, the 3X Inverse Securities will increase by three times the daily performance of the Index (before taking into account the Annual Tracking Fee, Redemption Fee Amount and creation fee, as applicable). However, if the Index level increases on any day, the 3X Inverse Securities will decrease by

three times the daily performance of the Index (before taking into account the Annual Tracking Fee, Redemption Fee Amount and creation fee, as applicable).

The Securities will not pay any coupon or interest during their term. Investors will receive a cash payment at maturity, acceleration or upon exercise by UBS of its call right, based on the applicable performance of the Index less the Annual Tracking Fee, as described herein. Investors will receive a cash payment upon early redemption based on the applicable performance of the Index less the Annual Tracking Fee, the Redemption Fee Amount and creation fee, as described herein.

Each series of Securities is subject to an Annual Tracking Fee. On the Initial Trade Date, the Annual Tracking Fee is equal to zero. On each subsequent calendar day, the Annual Tracking Fee for the 3X Long Securities equals the product of (i) 1.45% divided by 365 times (ii) the Current Principal Amount for such Securities on the previous calendar day. On each subsequent calendar day, the Annual Tracking Fee for the 3X Inverse Securities equals the product of (i) 1.85% divided by 365 times (ii) the Current Principal Amount for such Securities on the previous calendar day. For the purpose of calculating the Annual Tracking Fee, if such previous calendar day was not an Index Business Day, the Current Principal Amount will be calculated based on the Current Principal Amount for such series of Securities on the immediately preceding Index Business Day.

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.

Inquiries regarding this Information Circular should be directed to:

- Ben Haskell, Listing Qualifications, at 301.978.8092
- NASDAQ / BX/ PSX Market Sales at 800.846.0477