

June 17, 2009



## CBSX Trader News Update

### CBSX to Add New Stocks for Trading

TO: Members

SUBJECT: UBS AG Exchange-Traded Notes

Compliance and supervisory personnel should note that, among other things, this Information Bulletin discusses the need to deliver a prospectus to customers purchasing shares ("Shares") of the nine (9) Exchange-Traded Notes ("Notes") listed below issued by UBS AG. Please forward this Information Bulletin to other interested persons within your organization.

The following securities have been approved for trading on CBSX:

Exchange-Traded Notes	Symbol
E-TRACS UBS Bloomberg CMCI ETN	UCI
E-TRACS UBS Bloomberg CMCI Agriculture ETN	UAG
E-TRACS UBS Bloomberg CMCI Industrial Metals ETN	UBM
E-TRACS UBS Bloomberg CMCI Energy ETN	UBN
E-TRACS UBS Bloomberg CMCI Food ETN	FUD
E-TRACS UBS Bloomberg CMCI Livestock ETN	UBC
E-TRACS UBS Bloomberg CMCI Gold ETN	UBG
E-TRACS UBS Bloomberg CMCI Silver ETN	USV
E-TRACS UBS Bloomberg CMCI Platinum ETN	PTM

### Background Information on the Funds

UBS AG (the "Issuer") has issued several Exchange Traded Access Securities ("E-TRACS" or "Notes") linked to various indices (each, an "Index"). The Notes were priced at \$25 each and mature in 2038. The E-TRACS do not pay interest.

As more fully set forth in the Prospectus Supplement, each \$10 principal amount of the Notes will be deemed a "Unit" for purposes of trading and transfer. There will be no payments or redemptions prior to the maturity date.

On the maturity date, the Issuer shall redeem the E-TRACS by paying to the holder a cash payment equal to the principal amount of the holder's E-TRACS times the Index Performance Ratio on the Final Valuation Date minus the Fee Amount on the Final Valuation Date unless, prior to the maturity date, the E-TRACS were previously redeemed at the election of the holder on a Redemption Date or called by the Issuer pursuant to the exercise of its "Contingent Call Right" as described later.

Index Performance Ratio equals, on any given day, the Index Ending Level divided by the Index Starting Level. The Index Ending Level is the closing level of the Index on the applicable trading day. The Index Starting Level will be determined on the pricing date. The Final Valuation Date will be in 2038, as determined by the Issuer. Redemption Date means the third trading day following each Valuation Date other than the Final Valuation Date or, if such day is not a business day, the next succeeding trading day that is also a business day.

Fee Amount means the amount equal to 0.30% per annum calculated on a daily basis in the following manner: (i) the Fee Amount on the initial trade date shall equal zero; and (ii) on each subsequent calendar day until and including the Final Valuation Date or, in the case of Notes with respect to which the holder has exercised its right of early redemption or the Issuer has exercised its Contingent Call Right, the applicable Valuation Date, the Fee Amount will increase by an amount equal to (A) 0.30% divided by 365 multiplied by (B) the product of the principal amount of the holder's Notes and the Index Performance Ratio on that day (or, if such day is not a trading day, the Index Performance Ratio on the immediately preceding trading day).

Valuation Date means (i) with respect to any early redemption the first trading day immediately following the trading day on which the holder delivers a redemption notice to the Issuer in compliance with the procedure for early redemption (ii) with respect to the Issuer's exercise of its Contingent Call Right, the third trading day prior to the call settlement date.

In accordance with the terms of the Contingent Call Right, the Notes are subject to redemption upon not less than five (5) days' and not more than 60 days' prior notice on any trading day on or after a yet undetermined date in 2013, as a whole and not in part, at the election of the Issuer; provided that the aggregate principal amount of the Notes outstanding must be less than \$10,000,000 on the fifth trading day prior to the call settlement date specified by the Issuer pursuant

to the notice of exercise. If the Issuer elects to redeem the Notes on the call settlement date, the holder will receive a cash payment equal to the principal amount of the holder's Notes times the Index Performance Ratio on the corresponding Valuation Date minus the Fee Amount on the corresponding Valuation Date.

Please see the prospectus for the Notes for more details regarding the various terms and calculations.

Holders may, subject to the procedural requirements described in the prospectus, elect to require the Issuer to redeem the holder's Notes in whole or in part on any Redemption Date during the term of the Notes. If the holder requires the Issuer to redeem the holder's Notes on any Redemption Date, the holder will receive a cash payment equal to the principal amount of the holder's Notes times the Index Performance Ratio on the applicable Valuation Date minus the Fee Amount on the applicable Valuation Date. Refer to the prospectus for additional details.

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.

### **Exchange Rules Applicable to Trading the Shares**

The Shares are considered equity securities, thus rendering trading in the Shares subject to the Exchange's existing rules governing the trading of equity securities.

### **Trading Hours**

The values of each index underlying the Shares are disseminated to data vendors every 15 seconds. The Shares will trade on the CBSX from 8:15 a.m. CT until 3:00 p.m. CT. The trading increment for the Fund's Shares will be \$0.01.

### **Extended Hours Trading**

Members are reminded that trading in the Fund's Shares prior to 8:30 a.m. may result in additional trading risks which include: (1) that the current underlying index value may not be updated, (2) the intraday indicative value may not be updated, (3) lower liquidity may impact pricing, (4) higher volatility may impact pricing, (5) wider spreads may occur, and (6), since the intraday indicative value is not calculated or widely disseminated, an investor who is unable calculate an

implied value for an ETF in those sessions may be at a disadvantage to market professionals.

### **Trading Halts**

The Exchange will halt trading in the Shares based on Rule 52.3 and/or because dissemination of the intraday indicative value of the Shares and/or the underlying value of the index has ceased.

### **Suitability**

Members are reminded of their obligation under Rule 53.6 whereby the Member shall use due diligence to learn the essential facts relative to every customer prior to trading the Shares or recommending a transaction in the Shares that an investment in the Shares 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.

### **Delivery of a Prospectus**

Consistent with the requirements of the Securities Act and the rules thereunder, investors purchasing Shares in the initial public offering and anyone purchasing Shares directly from a Fund (by delivery of the designated securities) must receive a Prospectus. In addition, Members are required to deliver a Prospectus to all purchasers of newly-issued Shares (i.e. during the initial public offering). Members purchasing shares from a Fund for resale to investors will deliver a Prospectus to such investors.

Prospectuses may be obtained through the Fund's website. The Prospectus does not contain all of the information set forth in the Registration Statement (including the exhibits to the Registration Statement), parts of which have been omitted in accordance with the rules and regulations of the Commission. For further information about a Fund, please refer to the Registration Statement.

In the event that a Fund relies upon an order by the Commission exempting the Shares from certain Prospectus delivery requirements under Section 24(d) of the 1940 Act and makes available a written product description, the Exchange requires that Members provide to all purchasers of Shares a written description of the terms and characteristics of such securities, in a form prepared by the Trust, no later than the time a confirmation of the first transaction in the Shares, is delivered to such purchaser. In addition, ETP Holders shall include such a written description with any sales material relating to the Shares that is provided to customers or the public. Any other written materials provided by a Member to

customers or the public making specific reference to the Shares as an investment vehicle must include a statement in substantially the following form: "A circular describing the terms and characteristics of Shares of the Fund has been prepared by the Trust and is available from your broker. It is recommended that you obtain and review such circular before purchasing Shares of the Fund. In addition, upon request you may obtain from your broker a prospectus for Shares of the Fund."

An Member carrying an omnibus account for a non-Member is required to inform such non-Member that execution of an order to purchase Shares for such omnibus account will be deemed to constitute agreement by the non-Member to make such written description available to its customers on the same terms as are directly applicable to Members under this rule.

Upon request of a customer, Members shall also provide a copy of the Prospectus.

This Information Bulletin is not a statutory Prospectus. Members should consult the Trust's Registration Statement, SAI, Prospectus and the Fund's website for relevant information.

Inquiries regarding this Information Bulletin should be directed to David Reed, 866.458.2279.