



INFORMATION CIRCULAR: UBS AG

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

FROM: BX / PHLX Listing Qualifications Department

DATE: March 11, 2015

EXCHANGE-TRADED PRODUCT

	SYMBOL	CUSIP #
ETRACS Monthly Reset 2xLeveraged ISE Exclusively Homebuilders ETN	HOML	90274P302
ETRACS ISE Exclusively Homebuilders ETN	HOMX	90274P310

INFORMATION ON THE SECURITIES

UBS AG (the “Issuer”) has issued Exchange Traded Access Securities (“ETNs” or “Notes” or “Securities”) due March 13, 2045 that are linked to the performance of the ISE Exclusively Homebuilders Index (the “Index”). The ETNs do not guarantee any return of principal nor do they pay interest during their term. Investors should be willing to lose up to 100% of their investment if the Index declines.

The Index is focused on companies that engage in the development and construction of homes and communities. The Index attempts to capture at least two-thirds of the entire homebuilding industry’s market capitalization, and uses a “modified” market capitalization-weighted methodology which is designed to prevent a few large stocks from dominating the Index.

The ETRACS Monthly Reset 2xLeveraged ISE Exclusively Homebuilders ETNs (HOML) are senior unsecured debt securities issued by UBS. The Securities are designed to provide a two times leveraged long exposure to the performance of the Index compounded on a monthly basis, reduced by the Accrued Fees (as defined in the prospectus for the Securities). 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 return on the Securities, however, can, and most likely will, differ significantly from two times the return on a direct investment in the Index. The Securities are very sensitive to changes in the performance of the Index, and returns on the Securities may be negatively impacted in complex ways by volatility of the Index on a monthly basis. Accordingly, the Securities should be purchased only by knowledgeable investors who understand the potential consequences of investing in the Index and of seeking monthly compounding leveraged investment results. Investors should actively and frequently monitor their investment in the Securities.

The ETRACS ISE Exclusively Homebuilders ETNs (HOMX) are senior unsecured debt securities issued by UBS. At maturity, investors will receive a cash payment equal to the Current Principal Amount as of the

Final Valuation Date. UBS refers to this cash payment as the “Cash Settlement Amount.” If the amount calculated above is less than zero, the payment at maturity will be zero. Investors may lose some or all of their investment at maturity. Because the combined effect of the Fee Amount and the Redemption Fee Amount reduce the final payment, the level of the Index, as measured by the Current Principal Amount on the Final Valuation Date, will need to increase from the Principal Amount on the Initial Trade Date by an amount at least equal to the percentage of the principal amount represented by the sum of the Fee Amount and the Redemption Fee Amount, in order for investors to receive an aggregate amount over the term of the Securities equal to at least the principal amount of the Securities. If the increase in the level of the Index, as measured by the Current Principal Amount on the Final Valuation Date compared to the Principal Amount on the Initial Trade Date, is insufficient to offset the combined negative effect of the Fee Amount and the Redemption Fee Amount or if the Current Principal Amount on the Final Valuation Date is less than the Principal Amount on the Initial Trade Date, investors will lose some or all of their investment at maturity.

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:

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